



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Preamble

This Policy for Determining Material Subsidiaries (herein referred to as the “Policy”) is formulated in pursuance of the requirements of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”) to determine the Material Subsidiary of Garden Reach Shipbuilders & Engineers Limited (herein referred to as the “Company”) and to provide a governance mechanism for such subsidiaries.

2. Definitions

- 2.1. **“Material Subsidiary”** means a Subsidiary Company, whose income or Net worth exceeds twenty percent of the consolidated income or Net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 2.2. **“Net worth”** means net worth as defined in Section 2(57) of the Companies Act, 2013.
- 2.3. **“Significant Transaction or Arrangement”** means any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of an unlisted Material Subsidiary for the immediately preceding accounting year.
- 2.4. **“Subsidiary Company”** means a subsidiary company as defined in Section 2(87) of the Companies Act, 2013.

3. Policy and Procedure

- 3.1 The Company, shall not, without the prior approval of the members by Special Resolution in the General Meeting, dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than 50% or cease the exercise of control over the Subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal.
- 3.2 The Company, shall not, without the prior approval of the members by Special Resolution, sell, dispose and lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal.



- 3.3 At least one Independent Director of the Company shall be a Director on the Board of an unlisted Material Subsidiary of the Company incorporated in India.
- 3.4 The management of the unlisted Subsidiary shall periodically bring to the notice of the Board of the Company, all Significant Transactions or Arrangement entered into by the unlisted Subsidiary.
- 3.5 The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.
- 3.6 The minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed before the Board of Directors on periodical basis.

4. Effective Date

This Policy will be applicable to the Company with effect from the date of its passing by the Board of Directors of the Company.

5. Interpretation & Amendment

- 5.1 Any word used in this Policy, but not defined herein, shall have the same meaning as defined under the Companies Act, 2013, Listing Regulations and/or any other applicable statutory regulations.
- 5.2 The Board of Directors may review and amend this Policy as may be required from time to time in accordance with the provisions of applicable statutes and any subsequent amendments, circulars, notifications, guidelines in the Companies Act, 2013, Listing Regulations and other applicable laws, as may be issued from time to time, shall *mutatis mutandis* apply to this Policy.
