

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

### **Introduction**

The Board of Directors (the “Board”) of G M Breweries Limited (“Company”) has adopted the policy and procedure with regard to determination of “Material Subsidiaries” in accordance with the provisions of Regulation 16 (1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 extends certain principals of Corporate Governance to Material Subsidiaries of Listed Companies.

### **Purpose of the Policy**

The purpose of this policy is to lay down criteria for identification and dealing with material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

### **Definitions**

“**Act**” shall mean the Companies Act, 2013 and the rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 as amended from time to time.

“**Board**” means Board of Directors of the Company.

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Regulations.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediate preceding accounting year.

“**Material Unlisted Subsidiary**” shall mean a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

“**Subsidiary Company**” or “**Subsidiary**” in relation to any other company (that is to say the Holding Company), means a company in which the Holding Company:

- i. controls the composition of the Board; or

- ii. exercises or controls more than one half of the total voting power either at its own or together with one or more of its Subsidiary companies.

Explanation- For the purpose of this definition:-

a) A company shall be deemed to be a Subsidiary company of the Holding Company even if the control referred to in clause (i) or (ii) above is of another Subsidiary company of the Holding Company;

b) The composition of a company's Board shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors.

“Control” shall have the same meaning as defined in section 2(27) of the Companies Act, 2013.

### **Governance of Material Subsidiary**

- *Review of list of Material Subsidiaries*  
The list of material subsidiaries of the Company shall be placed before the audit committee for their review.
- *Disposal of shares or assets of Material Subsidiary*
  - a. The Company shall not dispose of shares in the Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting / postal ballot.
  - b. The Company shall not sell, dispose of or lease out assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during the financial year without prior approval of shareholders by way of special resolution.

### **Secretarial Audit**

Material Unlisted Subsidiary incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

### **Disclosures**

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

As on date there are no material subsidiaries.

\*\*\*\*\*