

**POLICY FOR DETERMINATION OF
MATERIAL SUBSIDIARY
OF
GLOBALSPACE TECHNOLOGIES LIMITED**

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POLICY FOR DETERMINING MATERIAL SUBSIDIARY(IES)
[Pursuant to Regulation 16(1)(c) of
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. INTRODUCTION:

The Securities and Exchange Board of India (SEBI) on September 2, 2015 issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “Listing Regulations”) with the aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability and bringing the basic framework governing the regime of Listed Entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied SEBI Regulations / Circulars.

In terms of Regulation 16(1)(c) of the Regulations, the Company was required to formulate and implement a policy for determining ‘material’ subsidiaries. The Board of Directors of **GlobalSpace Technologies Limited** (the “Company”) had adopted the Policy for determining for Material Subsidiary(ies) and procedures with regard to determination of Material Subsidiary (ies) at their meeting held **June 24, 2020 (*)**. At the time of formulating the Policy, the Company had no material subsidiaries and there was no immediate applicability. However, the Policy was devised in order to cater to the needs of the Company in future when the Company would have a material subsidiary(ies).

The Company shall adhere to all the applicable provisions laid down under this policy or any amendments thereto.

Further based on the recommendation of the SEBI Committee on Corporate Governance which was formed on June 2, 2017 under the Chairmanship of Mr. Uday Kotak, with the aim of improving standards of Corporate Governance of Listed Companies in India, SEBI brought in the amendment and modified the existing Regulations based on the recommendations of SEBI Committee through SEBI (Listing Obligation and Disclosure Requirements) (Amendment) Regulations, 2018 dated May 9, 2018 read with SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018 dated May 31, 2018 (“Amended Regulations”).

Further in order to effect the amendments as notified in the above Amended Regulations to this Policy, the Board of Directors of the Company approved and adopted the ‘Policy for Determining Material Subsidiary(ies) on **June 24, 2020**.

() The Company migrated to Main Board of Bombay Stock Exchange (BSE) with effect from February 14, 2020, therefore the Corporate Governance provision including this provision became applicable on the Company from the said date.*

2. DEFINITIONS:

In this policy, unless the context otherwise requires:

“Act” means the Companies Act, 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof from time to time.

“Audit Committee” means Committee of Board of Directors constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s), amendment(s) or re-enactment(s) thereof.

“Board of Directors” or **“Board”** means the Board of Directors of the Company, as constituted from time to time under the provisions of the Companies Act, 2013 read with SEBI (Listing Obligation and Disclosure Requirements), 2015.

“Company” means GlobalSpace Technologies Limited.

“Control” shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Holding Company” means a holding Company as defined in sub-section (46) of section 2 of the Companies Act, 2013;

“Independent Director” shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act, 2013, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“Insolvency Code” means Insolvency Code as defined under Regulation 2(1)(na) of SEBI (LODR) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“The Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

“Material Subsidiary” shall have the meaning as stated in paragraph 4 of this Policy.

“Net Worth” means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“Policy” means this Policy for determining Material Subsidiaries.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the

- 1) total revenues; or
- 2) total expenses; or
- 3) total assets; or
- 4) total liabilities;

as the case may be, of the Unlisted Subsidiary for the immediately preceding accounting year.

“Stock Exchange” means Bombay Stock Exchange Limited (BSE).

“Subsidiary” shall be as defined under Section 2(87) of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendment(s) or re-enactment(s) thereof).

“Unlisted Material Subsidiary” means a Material Subsidiary whose equity shares are not listed on any recognized stock exchange in India.

“Unlisted Subsidiary” means a Subsidiary whose equity shares are not listed on any recognized stock exchange.

All terms used in the policy, but not defined above shall have the meanings ascribed to them in the Act or the Listing Regulations, or any other applicable law or regulation as the case may be.

The expression “Company” includes anybody corporate;

3. PURPOSE OF THE POLICY:

The purpose of this Policy is determination of Material Subsidiary(ies) and disclosure thereof as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

4. OBJECTIVE OF THE POLICY:

1. This Policy is framed and adopted to determine the “Material Subsidiary(ies) of the Company” and to provide the Governance Framework for such Subsidiary(ies). In determining whether or not a subsidiary of the Company is or has become a material Subsidiary(ies), the Company shall be guided by and follow this Policy and the applicable provisions of the Listing Regulations. Where there is a conflict between this Policy and the Listing Regulations, the provisions of the Listing Regulations shall prevail in making such determination.
2. Secondly the aim to frame this Policy is to ensure the compliance given under Listing Regulations for Listing Entity and its Material Subsidiary.

5. DETERMINATION OF MATERIAL SUBSIDIARY:

A Subsidiary of the Company shall be considered as a ‘Material Subsidiary’, if the Income or Net worth of the Subsidiary exceeds 10 % of Consolidated Income or Net worth respectively of the Company and its Subsidiaries in the immediately preceding accounting year.

The Company shall, on formation of a Subsidiary, at the end of every year, determine whether the Subsidiary falls under the criteria for Material Subsidiary as defined above. In case the Subsidiary falls under such criteria, the same is to be reported to the Board for its noting at the first instance.

6. GOVERNANCE FRAMEWORK OF SUBSIDAIRY COMPANY:

1. Subsidiary Company shall not either by its own or through its nominees, holds any shares in its holding Company & no holding Company shall allot or transfer its shares to any of its subsidiary Companies & any such allotment or transfer of shares of a Company to its subsidiary Company shall be void.

Provided that nothing in this sub-section shall apply to a case –

- a. where the subsidiary Company holds such shares as the legal representative of a deceased member of the holding Company; or

- b. where the subsidiary Company holds such shares as a trustee; or
 - c. where the subsidiary Company is a shareholder even before it became a subsidiary Company of the holding Company:
2. The Audit Committee of the Company shall review the Financial Statements, in particular, the Investments made by the Unlisted Subsidiary Company.
 3. The minutes of the Board meetings of the Unlisted Subsidiary Companies shall be placed at the Board Meeting of the Company.
 4. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of Unlisted Material Subsidiary, whether incorporated in India or not.

For the purpose of the above mentioned point 3., the term “Material Subsidiary” means a subsidiary, whose Income or Net worth exceeds 20% of the Consolidated Income or Net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

5. The management of the Unlisted Subsidiary shall periodically bring to the notice of the Board of the Company, a statement of all Significant Transaction(s) and Arrangement entered into by the Unlisted Subsidiary(ies).
6. The listed entity shall disclose all events or information with respect to subsidiaries which are material for the listed entity.
7. Separate Audited Financial Statements of each subsidiary of the Listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year.
8. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
9. Disclosure of Material Event with respect to Subsidiary Company given in Listing Regulations.
10. The Listed Entity shall comply with all the applicable provisions of Listing Regulations and the Act with respect to subsidiary Company including Material Subsidiary Company.

7. DISPOSAL OF SHARES MATERIAL SUBSIDIARY:

The Company shall not:

- i. dispose of shares in its 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 except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- ii. sell, dispose and lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without obtaining prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

8. SECRETARIAL AUDIT OF MATERIAL SUBSIDIARY:

Every Company and its material unlisted Subsidiaries 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 with effect from the year ended March 31, 2019.

9. DISCLOSURES:

This Policy shall be disclosed on the website of the Company <https://www.globalspace.in/> and a web link thereto shall be provided in the Annual Report of the Company.

10. GENERAL:

1. The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy at least once in every two years for making suitable amendments for better implementation of the Policy.
2. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

3. The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or placed before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.

11. AMENDMENTS:

The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by SEBI/Stock Exchange(s) or any other appropriate Statutory Authority.

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure the objective of good corporate governance.

12. SCOPE AND LIMITATIONS:

In the event of any conflict between the provisions of this Policy and of the Act or Regulations or any other statutory enactments, rules, the provisions of such Act or Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

For GlobalSpace Technologies Limited

Sd/-
Krishna Murari Singh
Chairperson
Board of Directors

Sd/-
Mundamuka Venkateswaran Subramanian
Chairperson
Audit Committee

Date:.....

Place: Mumbai

Version :1

Effective Date: