

GANDHAR OIL REFINERY (INDIA) LIMITED

POLICY

ON

DETERMINING MATERIAL SUBSIDIARIES

w.e.f. 16th November, 2022

Registered Office

18th Floor, DLH Park, S.V.Road, Near MTNL
Goregaon West, Mumbai 400 062 India
CIN : U23200MH1992PLC068905
T: +91 22 4063 5600 F: + 91 22 4063 5601
E-mail: sales@gandharoil.com
Website : www.gandharoil.com

Gandhar Oil Refinery (India) Limited
Policy for determining Material Subsidiaries

1. INTRODUCTION

Gandhar Oil Refinery (India) Limited (“**Company**”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“**SEBI**”). Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”) lays out regulatory requirements for material subsidiary companies.

The IOP Committee of the Company has adopted the following policy and procedures with regard to determination of Material Subsidiaries (“**Policy**”).

The Policy, as amended and approved by the IPO Committee on 16th November, 2022 shall be applicable to the Company with effect from 16th November, 2022. The Board or the Audit Committee of the Company will review and amend this Policy from time to time, as may be deemed necessary.

Listing Regulations extend certain principles of corporate governance to material subsidiaries of listed companies.

2. OBJECTIVES

The objective of the Policy is to determine the material subsidiaries of the Company and to provide a corporate governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of Regulation 16 (1) (c) of the Listing Regulations.

3. DEFINITIONS

“**Act**” means the Companies Act, 2013, and all rules, regulations, notifications and circulars made/ issued thereunder, as amended, from time to time.

“**Audit Committee**” means the committee constituted by the Board of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

“**Control**” shall have the same meaning ascribed to such term under the Act and the Securities and Exchange Board of India (Substantial Acquisitions and Takeovers) Regulations, 2011, as amended from time to time.

“**Independent Director**” or “**ID**” 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.

“**Insolvency Code**” shall mean Insolvency and Bankruptcy Code, 2016.

“**Listing Regulations**” mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments, modifications, circulars or notifications made thereunder.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“**Significant Transaction or Arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall have the same meaning ascribed to such term under the Act and the Listing Regulations.

“**Unlisted Subsidiary**” shall mean a Subsidiary of the Company whose shares are not listed on any recognized stock exchange in India.

Any other term not defined herein shall have the same meaning as defined in the Act, Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law.

4. POLICY

A subsidiary shall be considered as material if –

1. The income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year
2. A list of such material subsidiaries shall be presented to the Audit Committee annually for its noting.

5. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not: -

1. 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 or equal to 50% (fifty percent) 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, 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.
2. sell, dispose and lease assets amounting to more than 20% (twenty percent) 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, 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.

6. ADDITIONAL REQUIREMENT FOR MATERIAL NON-LISTED SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a director on the board of an unlisted material subsidiary company whether incorporated in India or not.

Only for the purposes of this requirement, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the material unlisted Subsidiary.

7. REQUIREMENTS REGARDING UNLISTED SUBSIDIARY COMPANY

The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.

The minutes of the board meetings of the Unlisted Subsidiary shall be placed at the Board meeting of the Company.

The Board shall be provided periodically with a statement of all Significant Transactions or Arrangements entered into by the Unlisted Subsidiary.

8. SECRETARIAL AUDIT

Every unlisted material 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 in the prescribed form.

9. REPORTING & DISCLOSURE

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a weblink thereto shall be provided in the Board's report.

10. AMENDMENTS

The Board may, subject to applicable laws amend any provisions or substitute any of the provisions with the new provisions or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

11. DISCLAIMER

By reason of any change in the Act or Listing Regulations which leads to any inconsistency or ambiguity or incongruity between the Policy and the Act or Listing Regulations, the amended Act or Listing Regulations as issued by respective authorities shall prevail in this regard.