



## **GAIL (INDIA) LIMITED**

### **POLICY FOR MATERIAL SUBSIDIARY COMPANY(S)**

#### **1. PREFACE**

This Policy is framed in accordance with the requirement stated under Regulation 16 (1) (c) of the SEBI (Listing Obligations & Disclosures) Requirements, 2015 (The SEBI (LODR) Regulations, 2015).

#### **2. DEFINITIONS**

“**The Company**” means GAIL India Limited.

“**Board**” means the Board of Directors as defined in Section 2(10) of the Companies Act, 2013.

“**Audit Committee**” means the Audit Committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

“**Material subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year as defined in Regulation 16(1)(c) of SEBI LODR Regulations, 2015.

“**Subsidiary Company**” means a Subsidiary Company as defined in Section 2(87) of the Companies Act, 2013 & amendments made there under.

#### **3. CORPORATE GOVERNANCE REQUIREMENT AS PER REGULATION 24 OF THE SEBI (LODR) REGULATIONS, 2015**

##### **A. Unlisted Material Subsidiary**

1. At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

**Explanation-** For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.



2. The audit committee of GAIL shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
3. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.
4. The management of the unlisted subsidiary shall on annual basis bring to the attention of the Board of Directors of the company, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary.

**Explanation: “Significant Transaction or Arrangement”** shall mean 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 the Unlisted Subsidiary Company for the immediately preceding accounting year.

5. GAIL without the prior approval of the members by special resolution shall not:
  - a) dispose shares in its Material Subsidiary Company which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the Subsidiary Company 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.*
  - b) sell, dispose-off or lease the assets amounting to more than 20% of the assets of the Material Subsidiary Company on an aggregate basis during a financial year, unless the same 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. Every material unlisted subsidiary incorporated in India of the Company shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary



in practice, in such form as may be specified with effect from the year ended March 31, 2019.

Note:

- Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

#### **4. DISCLOSURE**

This “Policy on Material Subsidiary Company(s)” shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company in terms of Regulation 46 of the SEBI (LODR) Regulations, 2015 and amendments made there under.

#### **5. AMENDMENTS**

GAIL in its 332<sup>nd</sup> Board Meeting held on 6<sup>th</sup> February, 2015 authorized the CMD to amend the Policy for Material Subsidiary Company(s) as and when there is change/amendment in provisions of Listing Agreement(s); Companies Act, 2013 and DPE guidelines.”