

POLICY ON MATERIAL SUBSIDIARIES

1. PREAMBLE :

Gammon India Limited is the flagship company of the "Gammon Group" engaged in wide range of activities such as designing, engineering, procurement, construction and commissioning of power and infrastructure projects. The Company, through its subsidiaries, has presence across India, Europe, Middle East and Africa and it is governed amongst others by the rules and regulations framed by Securities Exchange Board of India ("SEBI"). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations") lays out regulatory requirements for material subsidiary companies. This Policy will be used to determine the material subsidiaries and material unlisted Indian subsidiaries of the Company and to provide the governance framework for such subsidiaries.

2. DEFINITIONS :

- (a) **"Act"** shall mean the Companies Act 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (b) **"Audit Committee" or "Committee"** means the Audit Committee of the Board of Directors of the Company.
- (c) **"Board"** means the Board of Directors of Gammon India Limited.
- (d) **"Company"** means Gammon India Limited.
- (e) **"Holding Company"** in relation to one or more other companies, means a company of which such companies are subsidiaries companies.
- (f) **"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 Companies Act, 2013 and the SEBI LODR Regulations as amended from time to time.
- (g) **"Material Unlisted Indian Subsidiary"** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

GAMMON INDIA LIMITED

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CIN : L74999MH1922PLC000997

- (h) **"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.
- (i) **"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 for the immediately preceding accounting year.
- (j) **"Subsidiary"** shall include companies as defined in Section 2(87) of the Companies Act, 2013
- (k) **"Policy"** means this Policy on Material Subsidiaries.

3. **APPLICABILITY:**

This Policy shall be applicable to the Company's subsidiaries as may be declared by the Company from time to time in its financial results whether quarterly, half yearly or yearly or declared in any other manner whatsoever.

4. **POLICY:**

- 4.1 The Company had adopted a policy for material subsidiary on 1st October 2014. Pursuant to the amendment in the SEBI (LODR) provisions the current policy is amended. This Policy shall be effective from 1st April, 2022.
- 4.2 The Audit Committee shall take note of the subsidiaries which are material unlisted Indian subsidiaries and/or material subsidiaries as on 1st April, 2022 in view of the provisions of the SEBI LODR Regulations. Further, the Audit Committee shall, on a quarterly basis, review the status of all the subsidiaries as to the materiality defined under the SEBI LODR Regulations. The Committee shall also make suitable recommendations to the Board, including but not limited to, recommendation for appointment of Independent Director on the Board of Material Unlisted Indian Subsidiary Company, whether incorporated in India or not, as and when the Regulation 24 of the Regulations and Point 4.3 as stated below becomes applicable to the Company.

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- 4.3 At least one independent director on the board of directors of the listed entity 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 of the SEBI LODR Regulations, 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.
- 4.4 The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on periodic basis as per the provisions of SEBI (LODR).
- 4.5 The minutes of the Board meetings of the unlisted subsidiary company shall be placed before the Company's Board on periodic basis as per the provisions of SEBI (LODR).
- 4.6 The management shall on a periodic basis as per the provisions of SEBI (LODR) bring to the attention of the Board of the Company, a statement of all 'Significant transactions and arrangements' entered into by the unlisted subsidiary company.

5. COMPLIANCE IN RESPECT OF THE MATERIAL SUBSIDIARIES :

- 5.1 A listed entity shall not 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 fifty percent 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.
- 5.2 Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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

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disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

6. AMENDMENTS TO THE POLICY :

The Board of Directors of the Company shall have the right to amend the Policy at any time either to bring it in line with the existing laws or to incorporate suitable changes in order to make it robust so that the purpose for which the Policy has been introduced is served in its entirety.

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