



MANGALORE REFINERY AND PETROCHEMICALS LTD
(CIN: L23209KA1988GOI008959)
MATERIAL SUBSIDIARY POLICY

1.0 INTRODUCTION:

The Board of Directors (“Board”) of Mangalore Refinery and Petrochemicals Limited (MRPL) (“Company”) has approved this policy with respect to the determination of Material Subsidiaries to comply with the Listing Agreement and Department of Public Enterprises (DPE) Guidelines in this regard. This Policy has been formulated in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges.

MRPL has one subsidiary i.e., ONGC Mangalore Petrochemicals Ltd (OMPL) which is an unlisted company.

2.0 DEFINITIONS

- I. “Act” means Companies Act, 2013 & Rules made there under.
- II. “Holding Company” in relation to one or more other companies, means a company of which such companies are subsidiary companies.
- III. “Subsidiary Company” 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 of Directors; or
 - ii. Exercises or controls more than one half of the total share capital either at its own or together with one or more of its subsidiary companies;

Explanation- For the purpose of this definition,-

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;

- a. The composition of a company's Board of Directors 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;
 - b. The expression "company" includes anybody corporate;
 - c. "layer" in relation to a holding company means its subsidiary or subsidiaries
- IV. "Material listed subsidiary" means a subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.
- V. "Material non-listed Indian subsidiary" means an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.
- VI. "Significant transaction or arrangement" means 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 material unlisted subsidiary for the immediately preceding accounting year.

3.0 OBJECTIVE:

With a view to comply with Clause 49 of the Listing Agreement, DPE guidelines and Companies Act 2013 this policy has been framed to determining 'material' subsidiaries and to regulate the transaction, so that the same can be disclosed on the company's website and a web link thereto provided in the Annual Report of the Company.

This policy is meant to ascertain the status of its own subsidiaries as well subsidiaries of subsidiaries, at the end of every Financial Year whether they are falling under the category of Material Subsidiary or not.

4.0 DETERMINING FACTORS OF MATERIALITY

The following are the criteria to decide the subsidiary as Material Subsidiary

- (i) if the investment of the MRPL in any of the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or
- (ii) If any of the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

5.0 FREQUENCY OF MATERIALITY TEST

The materiality test shall be applied every Financial Year considering the determining factors mentioned at Para 4.0 or any subsequent amendment thereof due to change in Listing Agreement /Companies Act, 2013 or Accounting Standard, at the time of Finalization of Annual Accounts of the Company by the Finance Department. Disclosures required if any under the Companies Act, 2013, Accounting Standards, Listing Agreement will be made in the Annual Report of the Company, based on the advice in this regard by Finance to the Company Secretary.

6.0 AMENDMENT

The Board of Directors may review or amend this policy, in whole or in part, from time to time as per the requirement of the Act or any other statute.

7.0 INTERPRETATION

Any word used in this policy but not defined herein shall have same meaning as defined in the Companies Act 2013 or Rules made there-under, SEBI Act, Rules & Regulations made there-under, Listing Agreement or any other relevant legislation /law applicable to the Company.

8.0 EFFECTIVE DATE:

This policy has been approved by the Board at its 197th meeting held on 22nd May, 2015 shall come into effect from the date of approval i.e. 22/05/2015.

9.0 DISCLAIMER:This policy is subject to the extant provisions of the Companies Act, 2013, rules made there under, circulars issued by MCA from time to time, DPE Guidelines, circulars issued by DPE and Listing Agreement.