



INDIA POWER CORPORATION LIMITED
CIN: L40105WB1919PLC003263

**POLICY FOR DETERMINING “MATERIAL
SUBSIDIARY”**

Date of original adoption	8th November, 2014
Revised on (Version 1)	14th August, 2018
Effective date of the Policy	14th August, 2018

POLICY FOR DETERMINING “MATERIAL SUBSIDIARY”

In terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (hereinafter referred to as the “Listing Regulations”), India Power Corporation Limited (hereinafter referred to as the “Company”) is required to formulate a policy for determining Material Subsidiary.

The Board of Directors of the Company (hereinafter referred to as the “Board”) has formulated and adopted a Policy for determining Material Subsidiary (hereinafter referred to as the “Policy”) in terms of the aforesaid provisions.

DETERMINING MATERIAL SUBSIDIARY

“**Material Subsidiary**” shall mean a Subsidiary:

- whose income exceeds 10% (ten percent) of the consolidated income, or;
- whose net worth exceeds 10% (ten percent) of the consolidated net worth;

of the Company and its Subsidiaries in the immediately preceding accounting year.

CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO MATERIAL SUBSIDIARY

- At least one Independent Director on the Board of the Company shall be a Director on the Board of the Material Unlisted Subsidiary Company whether incorporated in India or not.

For this purpose “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 Company and its subsidiaries in the immediately preceding accounting year.

- The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Material Unlisted Subsidiary.
- The minutes of the Meetings of the Board of Directors of the Material Unlisted Subsidiary shall be placed at the Board Meetings of the Company.
- The management of the Unlisted Material Subsidiary shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by such Unlisted Subsidiary Company.

For this purpose “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.

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

DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the Members by Special Resolution at its General Meeting, shall not:

- Dispose of the shares in its Material Subsidiary that reduces its shareholding (either on its own or together

with other subsidiaries) to less than 50% (fifty per cent); or

- Cease the exercise of control over the Material Subsidiary.
- Sell, dispose or lease the assets amounting to more than 20% (twenty per cent) of the assets of the Material Subsidiary on an aggregate basis during a financial year.

However, where a divestment/sale/disposal/lease is made under a Scheme of Arrangement duly approved by a Court/Tribunal, the aforesaid restrictions shall not apply.

SUPPLEMENTARY PROVISION

- All the words and expressions used in this Policy, unless defined herein, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued there under, as amended, from time to time.
- The implementation of the Policy shall be monitored by the Audit Committee from time to time. The Audit Committee may review the Policy as and when it deems fit and recommend any changes or modifications for approval of the Board.
- In case of any subsequent changes in the provisions of the Listing Regulations or the Companies Act, 2013 which makes any of the provisions in the policy inconsistent with the Listing Regulations or the Companies Act, 2013, then the provisions of the Listing Regulations or the Companies Act, 2013 would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.