

Policy for Determining Material Subsidiaries of IVRCL

Purpose

As per the requirements of revised Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges, the Board of Directors of IVRCL Limited (hereafter referred as “the Company”) has adopted this policy for the purpose of determining the “Material” Subsidiaries and to provide governance framework for such subsidiaries.

Title

The Policy is referred to as “Policy for determining the Material Subsidiaries of IVRCL”

Definitions

“*Audit Committee*” means “Audit Committee” constituted by the Board of Directors of the Company under the provisions of Companies Act and Listing Agreement.

“*Board of Directors*” means “Board of Directors” of the company, as constituted, from time to time.

“*Independent Director*” means Director other than Managing director or Whole time director or Nominee Director and who satisfies the criteria of Independence as prescribed under the Companies Act, 2013 and Listing Agreement.

“*Material Non Listed Indian Subsidiary*” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding 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% 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.

“*Subsidiary*” shall mean a Subsidiary company as defined under Companies act, 2013 and the Rules made thereunder.

Any other term not defined herein, shall have the same meaning, as defined under Companies Act, 2013 or the Rules framed there under, the Listing Agreement, Act, Rules and Regulations framed by the Securities Exchange Board of India or any other relevant legislation / regulation applicable to the Company.

Policy

1. A subsidiary shall be a “Material” subsidiary, if:
 - i. Investment of the Company in the subsidiary exceeds 20% of its consolidated net worth, as per the audited balance sheet of the previous financial year; or
 - ii. Subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.
2. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the non-listed subsidiary company on quarterly basis.
3. The minutes of the Board meetings of the non-listed subsidiary company shall be placed before the Board of the Company on quarterly basis.
4. The management shall periodically 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.

Requirement Regarding Material Subsidiary

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

Dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%

Or

Dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary

Or

Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the aforesaid divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

Requirement Regarding Material Non Listed Indian Subsidiary

At least one Independent Director on the Board of the company shall be a director on the board of Material Non-Listed Indian Subsidiary Company.

Disclosures

This Policy shall be hosted on the website of the Company and the web link thereto shall be provided in Annual Report of the company.

Amendments

The Board may, at its own discretion, amend this policy, from time to time. In case any amendment(s), clarification(s), circular(s) etc., issued by relevant authorities are not consistent with the provisions under this policy, such amendment(s), clarification(s), circular(s) shall prevail upon the provisions hereunder and this policy shall be suitably amended to that extent.