



India Infrastructure Finance Company Limited (IIFCL)

POLICY ON DETERMINING 'MATERIAL SUBSIDIARY'

1. BACKGROUND:

Explanation to regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time, requires every listed company to formulate a policy for determining a “material” subsidiary.

The Policy related to 'Material Subsidiary' companies has been framed in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013/SEBI Act and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

2. OBJECTIVE:

The objective of this Policy is to determine:

- a) Meaning of Material Subsidiary;
- b) Restriction on disposal of shares of Material Subsidiary by the Company;
- c) Restriction on transfer of assets of Material Subsidiary; and
- d) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS:

- a) “Board” or “Board of Directors” shall mean the Board of Directors of the Company.
- b) “Company or IIFCL” means India Infrastructure Finance Company Limited.
- c) “Independent Director/Public Interest Director” shall have the meaning given to it in the Companies Act, 2013 and Listing Regulations, 2015 and SEBI (Securities Contracts) (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

- d) “Listing Regulations” shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- e) “Material Subsidiary” means a subsidiary whose-
 - i. income exceeds 10% of IIFCL’s consolidated income as per the audited financial statement(s) of the previous accounting year.
 - or,
 - ii. net worth exceeds 10% of IIFCL’s consolidated net worth as per the audited financial statement(s) of the previous accounting year.
- f) “Material Unlisted Subsidiary” means an unlisted Material Subsidiary.
- g) “Policy” means this Policy for Determining Material Subsidiaries of the Company.
- h) “Significant Transaction and 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 Unlisted Subsidiary for the immediately preceding accounting year.
- i) “Subsidiary” shall have the meaning given to it in the Companies Act, 2013.
- j) “Unlisted Subsidiary” means an unlisted Subsidiary of the Company

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. GOVERNANCE FRAMEWORK:

- i. IIFCL shall not:
 - a) dispose of shares in its material subsidiary which would result in reducing its shareholding (either on its own or together with other subsidiaries) to less than 50% or
 - b) cease the exercise of control over the material 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 by a Court/Tribunal.

Further, IIFCL shall not

- c) sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without obtaining 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,
- ii. At least one independent director on the Board of Directors of IIFCL shall be a director on the Board of Directors of an unlisted material subsidiary company, incorporated in India.

For the purpose of this clause, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of IIFCL and its subsidiaries in the immediately preceding accounting year.

- iii. The Audit Committee of IIFCL shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- iv. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of IIFCL.
- v. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of IIFCL, a statement of all significant transactions and arrangements entered into by such subsidiary company.

5. DISCLOSURES:

This Policy shall be disclosed on the Company’s website and a web-link thereto shall be provided in the Annual Report.

6. LIMITATION:

In case of any subsequent changes in any Statutory Act, Rules, Regulations etc. which makes any of the provisions in the policy inconsistent with them, then the provisions of the Statutory Act, Rules, Regulations etc. would prevail over the policy

7. POLICY REVIEW

This policy may be reviewed annually or as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Board of Directors.
