

**Policy for Determining Material Subsidiary under
Regulation 16 of SEBI (Listing Obligations and
Disclosure Requirements) Regulations, 2015**

(Last Reviewed as on May 15, 2025)

Introduction

This Policy deals with determination of Material Subsidiaries in the IFCI Group in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) which states that the Company shall formulate a Policy for determining Material Subsidiaries and such Policy shall be disclosed on the Company's website and web-link to be provided in the Annual Report of the Company.

NOTE: *In case of any change in Regulatory/Statutory guidelines/ provisions governing the Policy, the Policy shall stand amended / updated automatically to that extent.*

Definitions

1. **"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act 2013 and the Listing Regulations.
2. **"Board of Director" or "Board"** means the Board of Directors of IFCI Limited, as constituted from time to time.
3. **"Company"** means a IFCI Limited.
4. **"Independent Director"** means a director of the Company, as appointed in terms of Section 149 of the Companies Act 2013 and who also qualifies as Independent Director in terms of Listing Regulations.
5. **"Policy"** means Policy for Determining Material Subsidiary.
6. **"Material Subsidiary"** shall mean a subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of IFCI and its subsidiaries in the immediately preceding accounting year.

'Turnover' means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.

'Net Worth' means the aggregate value of the paid-up share capital and all reserves created out of the profits securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

7. **"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.
8. **"Subsidiary"** shall be as defined under Section 2(87) the Companies Act, 2013 and the Rules made thereunder.

Policy

1. A subsidiary shall be considered as a Material Subsidiary,:
 - i. whose net worth exceeds 10% of the consolidated net worth of IFCI and its subsidiaries in the immediately preceding accounting year;

OR

- ii. whose turnover exceeds 10% of the consolidated turnover of IFCI and its subsidiaries in the immediately preceding accounting year.

2. At least one Independent Director on the Board of IFCI shall be a Director on the Board of an unlisted material subsidiary, whether incorporated in India or not.

Explanation: For the purpose of this requirement, the term 'Material Subsidiary' shall mean a subsidiary whose turnover or net worth exceeds 20% (twenty percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.
4. The Minutes of the Board Meetings of the Unlisted Subsidiaries shall be placed before the Board of the Company on a quarterly basis.
5. The Management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of IFCI, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary.
6. The Audit Committee of the Company to review annually the list of material subsidiaries of IFCI based on the criteria as provided in this Policy. The Committee to make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Unlisted Material Subsidiary.
7. Every unlisted material subsidiary incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and the Secretarial Audit Report of unlisted material subsidiary shall be annexed with the annual report of IFCI.
8. IFCI, without the prior approval of the members by Special Resolution, shall not:
 - a. dispose shares in its Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% / or equal to; or

b. ceases the exercise of control over the Subsidiary;

'Control' includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner. Further, a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

However, the abovementioned provision at Para 9 above will not be applicable in case 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 and Bankruptcy Code and the approval of the resolution plan is notified to the concerned stock exchanges within one day of the resolution plan being approved.

c. 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 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 and Bankruptcy Code and the approval of the resolution plan is notified to the concerned stock exchanges within one day of the resolution plan being approved.

Further, nothing contained in Para 'c' above, shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company, prior approval of shareholders of the Company by way of Special Resolution is not required.
