

Policy for determining material subsidiaries

1. PURPOSE OF THE POLICY

The purpose of this policy is determination of Material Subsidiaries and disclosure thereof as required by 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. OBJECTIVE OF THE POLICY

The objective of the policy is to determine:

- i. Meaning of material subsidiary
- ii. Requirement of Independent Director in certain Material Unlisted Indian Subsidiaries
- iii. Restriction on disposal of shares of Material Subsidiary by the Company
- iv. Restriction on transfer of asset of Material Subsidiary
- v. Disclosure requirements, based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

- a. **“Company”** means “Indian Clearing Corporation Limited”
- b. **“Control”** shall include 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 agreement or voting agreements or in any other manner.
- c. **“Material” subsidiary** implies a subsidiary in which the investment by the Company exceeds 20% of the consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

- d. **“Material Non Listed Indian Subsidiary”** implies an unlisted subsidiary, incorporated in India, whose income or net worth (i.e paid up share capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
- e. **“Significant Transaction or Arrangement”** implies 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.
- f. **“Subsidiary”** shall mean as defined under the Companies Act, 2013 Act and the rules made thereunder

Any other term not defined herein shall have the same meaning as defined in the Companies Act 2013, the Listing Agreement, or any other applicable law or regulation.

4. SIGNIFICANT TRANSACTIONS/ARRANGEMENTS OF UNLISTED SUBSIDIARY COMPANIES.

The management should periodically bring to the attention of the Board a statement of all Significant Transactions and Arrangements entered into by the unlisted Subsidiary company.

5. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting.

6. RESTRICTION ON DISPOSAL OF ITS ASSETS OF MATERIAL SUBSIDIARY

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year



shall require prior approval of shareholders of the Company by way of special resolution.

7. OTHER PROVISIONS RELATED TO UNLISTED SUBSIDIARY COMPANIES

- a. The Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- b. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company.

8. DISCLOSURES

As prescribed by Regulation 46 (2) (h) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy shall be disclosed in the Company's website and a web link thereto shall be provided in the annual report.

9. REVIEW OF THE POLICY

This policy shall be subject to review as may be deemed necessary as per any regulatory amendments.