



GVK Power & Infrastructure Limited

Policy on Material Subsidiaries

Approved by Board of Directors on 10th November, 2015

1. Introduction

The Board of Directors (The "Board") of GVK Power & Infrastructure Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below.

This Policy will come into force with effect from 1st December, 2015 in terms of Clause 16 (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR").

The Board may review and amend this policy from time to time.

2. Policy Objective

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. All the Words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the SEBI's LODR, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

This policy has been adopted and approved by the Board of Directors at its meeting held on 10th November, 2015.

4. Definitions

Board of Directors or Board means the Board of Directors of the Company, as constituted from time to time.

Company means a Company incorporated under the Companies Act, 1956 or under any other act prior to or after Companies Act, 1956.

Policy means Policy on Material Subsidiary.

Material Non Listed Indian Subsidiary shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges who income or net worth (i.e. paid-up capital and free reserves) exceeds 20 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial 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 be as defined under the Companies Act, 2013 and the Rules made thereunder.

5. **Policy**

- i. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:
 - a. In which the Investment of the Company/Proposed Investment exceeds 20% of its consolidated networth as per the audited balance sheet of the previous financial year; or
 - b. which have generated twenty percent of the consolidated income of the Company during the previous financial year.
- ii. One Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Indian Subsidiary Company.
- iii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
- iv. The minutes of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- v. The Management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary Company.

6. **Disposal of Material Subsidiary**

The Company shall not :

- i. dispose of the shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting, except in cases where divestment is made under a scheme or arrangement duly approved by a Court/Tribunal.
- ii. sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

7. **Policy Review**

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.