

ISGEC HEAVY ENGINEERING LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

PURPOSE

In accordance with the Regulation 16(1) (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated this policy for determining material subsidiary of the Company.

This policy sets out the criteria for determining material subsidiary (ies).

POLICY

The company has the following policy for determining Material Subsidiaries:

1. A subsidiary shall be a “Material” subsidiary, if
 - Net worth of subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year; or
 - Income of subsidiary exceeds 10% of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year.
2. Requirement Regarding Material Subsidiary:
 - a. The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:
 - Dispose shares in Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal; or
 - Sell, dispose or lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
 - b. At least one Independent Director on the Board of the Company shall be a Director on the Board of the material subsidiary company. Provided that for purpose of this requirement, “material subsidiary” threshold limit would be consider as 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
