



**POLICY FOR DETERMINING MATERIAL SUBSIDIARY(IES)**  
**OF NHPC LIMITED**  
**(Version 4.0)**

**1. INTRODUCTION**

The Company has formulated this Policy for determining material subsidiary in terms of Regulation 16(1)(c) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 [SEBI (LODR), 2015], as amended from time to time.

**2. POLICY OBJECTIVE**

To determine material subsidiary(ies) of NHPC Limited.

**3. APPLICABILITY**

The policy is applicable on Material Subsidiaries of NHPC Limited.

**4. DEFINITIONS**

“**Board of Directors**” or “**Board**” means the Board of Directors of NHPC Limited, as constituted from time to time.

“**Company**” shall mean NHPC Limited.

“**Independent Director**” means a director of the Company, not being a whole time director or a nominee director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence under the Companies Act, 2013 and SEBI (LODR), 2015, as amended from time to time.

“**Policy**” means Policy for determining Material Subsidiary(ies) of NHPC Limited.

“**Subsidiary Company**” means subsidiary company as defined under the Companies Act, 2013 and the Rules made thereunder.

**5. DETERMINATION OF MATERIAL SUBSIDIARY**

1. The criteria to determine a subsidiary as material subsidiary shall be as under;
  - a) If the turnover of the subsidiary exceeds ten percent of the consolidated turnover, of the Company and its subsidiaries in the immediately preceding accounting year; or
  - b) If the net worth of the subsidiary exceeds ten percent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year.

2. The test for determination of material subsidiary shall be applied every financial year after approval of audited Consolidated financial statements of the Company and audited financial statements of the subsidiary(ies), for the previous financial year.

## **6. COMPLIANCES IN RELATION TO MATERIAL SUBSIDIARY**

1. At least one Independent Director of the Company shall be a Director on the Board of the unlisted Material Subsidiary.  
 “For the purpose of this sub clause, material subsidiary shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.”
2. A material subsidiary of the Company shall undertake secretarial audit in compliance to Regulation 24A(1) of SEBI (LODR), 2015.
3. The Company, without the prior approval of the shareholders 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 or equal to 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 under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
  - b) 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 sell/ 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.  
 However, prior approval of shareholders shall not be required, if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

## **7. MODIFICATION/ AMENDMENT/ REVIEW OF THE POLICY**

Modification/ Amendment, if any to this Policy shall be made with the approval of the Chairman and Managing Director of the Company. However, the Policy shall be placed for review by the Board of Directors at least once in every three years.

**Version Control Table**

<b>Effective date</b>	<b>Version</b>	<b>Amendment</b>
01.10.2014	1.0	The Policy was originally adopted with the approval of Board of Directors in their 379 <sup>th</sup> meeting.
27.05.2019	2.0	Amended by Board of Directors in their 424 <sup>th</sup> meeting.
23.12.2024	3.0	Amended with the approval of Chairman & managing Director
09.01.2025	4.0	Amended with the approval of Chairman & managing Director