



A Maharatna Company

NTPC

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Approved on	23 rd December 2014
Revised on	29 th August 2024



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1. PURPOSE

This Policy is framed and revised in accordance with the requirement stated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and is intended to ensure governance of material subsidiary companies of NTPC Limited.

Accordingly, the Board of Directors of NTPC has adopted the policy and procedures with regard to the determination of Material Subsidiaries as enumerated below.

2. DEFINITIONS

“Audit Committee” means the Audit Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined in Section 2(10) of the Companies Act, 2013.

“Material Subsidiary” – as per Regulation 16(1) (c) of the Listing Regulations, shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of NTPC and its subsidiaries as per audited financial statements in the immediately preceding accounting year.

“Significant Transaction or Arrangement” means 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, as defined under Regulation 24 (4) of the Listing Regulations.

“Subsidiary Company” means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.



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3. PROCEDURE AND POLICY

- i. At least one Independent Director of NTPC shall be a Director on the Board of the un-listed material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this clause, notwithstanding anything to the contrary contained in the Definition above, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of NTPC and its subsidiaries in the immediately preceding accounting year.

- ii. NTPC shall not, without the prior approval of the members by special resolution in its General Meeting, dispose of shares in its Material Subsidiary which would reduce 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 Material Subsidiary except 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.
- iii. NTPC shall not, without the prior approval of the members by special resolution, sell, dispose-off 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 same 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..
- iv. The material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of NTPC.
- v. The Audit Committee of NTPC shall review the financial statements, in particular, the investments made by the unlisted subsidiary company, on an annual basis.
- vi. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed before the Board of NTPC on a periodical basis.
- vii. The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of NTPC, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary.



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4. DISCLOSURE

This "Policy on determining Material Subsidiaries" shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

Adequate disclosure relating to the subsidiary companies, as may be required under the provisions of the Companies Act, 2013 and the Listing Regulations, would be made by NTPC.

5. AUTHORITY TO AMEND THE POLICY:

Director (Finance) and Company Secretary are severally authorized to make modifications to this Policy to comply with regulatory/statutory changes, removing ambiguities, enhancing clarity, etc. The updated and amended Policy shall be placed before the Board for information.

6. DISCLAIMER

In case of any discrepancy between the above Policy, the Companies Act, 2013 and Listing Regulations or any rule or regulations made thereunder or under any other applicable statutory enactment of law, the enacted law/ rule/ regulation/ provision shall prevail over the above Policy. Any subsequent amendment/ modification in the Listing Regulations, Act and/ or applicable law in this regard shall automatically apply to this Policy.
