



INDSIL HYDRO POWER AND MANGANESE LIMITED

Corporate Identification No. (CIN) L27101TZ1990PLC002849
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POLICY ON MATERIAL SUBSIDIARY

Pursuant to Clause 49 (V) of the Listing Agreement, the Company shall have the following policy in respect of its Material Non-Listed Indian Subsidiary (MIS). This policy was approved by the Board of Directors on 13th November, 2014 and the same is posted on the Company's website www.indsil.com.

1. Materiality

An unlisted Indian subsidiary company shall be considered material if its income or net worth i.e., paid-up capital and free reserves exceeds 20% of the consolidated net worth or income of the listed holding company and its subsidiaries in the immediately preceding accounting year.

2. Appointment of an Independent Director on the Board of the MIS

At least One Independent Director shall be appointed on the Board of the MIS within three months of the audited financial statements of the MIS of the immediately preceding accounting year being made available to the holding company.

3. Review of financial statement of MIS

The Audit Committee of the Board of the holding company shall review the annual financial statements of the MIS with special focus on the investments, if any, made by the MIS.

4. Review of the minutes of the MIS

The Board of the holding company shall review the minutes of the Board or any committees thereof of MIS, since the last board meeting of the holding company.

5. Review of significant transactions or arrangement of the MIS

The Board of the holding company shall review all significant transactions or arrangement undertaken by the MIS. A transaction or arrangement shall be considered to be significant if it exceeds 10% of the total assets or total liabilities or total expenses or total revenue, as the case may be, of the MIS as per its audited financial statements in the immediately preceding accounting year.

6. Sale of shares in the MIS

The holding company shall not sell or dispose of shares in the MIS resulting in its holding (either on its own or together with other subsidiaries) to less than 50% or ceases control over the MIS unless prior approval of the shareholders of the holding company is obtained. In cases where such disposal is arising due to a corporate restructuring or resulting from merger or demerger through a scheme of arrangement approved duly by a Court or Tribunal no such approval of shareholders will be required.

7. Sale, lease, disposal of assets of the MIS

The holding company shall not without the previous approval of the shareholders approval sell, lease or dispose of more than 20% of the assets of the MIS in aggregate in financial year, unless such disposal is as a result of a scheme of arrangement duly approved by a Court or Tribunal.

8. Reporting of compliance to stock exchanges

The compliance officer of the holding company shall report compliance or otherwise of this policy and the terms of Clause 49(V) in the quarterly compliance report filed with the stock exchanges as per Clause X(B) of the listing agreement.
