Inox Clean Energy Limited
Policy on Material Subsidiaries

1. Preface

The Board of Directors (the "Board") of Inox Clean Energy Limited (the "**Company**") has adopted the following policy and procedure with regard to determination of Material Subsidiaries of the Company (the "Policy"). This Policy has been formulated in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

2. Objective of the Policy

This Policy has been framed to determine the Material Subsidiaries of the Company and to provide the governance framework for such Subsidiaries.

3. Definitions

a. **"Audit Committee or Committee"** means a Committee of Directors of the Company, as constituted from time to time under Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR.

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

c. **"Independent Director"** means a Director of the Company, not being a Whole-time Director and who is neither a Promoter nor belongs to the Promoter Group of the Company and who satisfies other criteria for independence prescribed under the Companies Act, 2013 and SEBI LODR.

d. **"Material Subsidiary"** means a Subsidiary Company whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year or a Subsidiary Company which is considered material by the Board of Directors for its contribution to the business, operations, income or net worth of the Company and its subsidiaries, on a consolidated basis.

e. **"Significant Transaction or Arrangement"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the Unlisted Subsidiary Company for the immediately preceding Accounting Year.

h. **"Subsidiary Company"** means the Subsidiary Company as defined under the Companies Act, 2013 and the Rules made thereunder.

4. Compliances to be done by the Company

The Company, as a Holding Company, is required to comply with following:

a. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation: For the purposes of this provision, notwithstanding anything to the contrary contained in Clause 3 above, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year

b. The Audit Committee of the Listed Holding Company shall review the financial statements, in particular, the investments made by its Unlisted Subsidiary Company/ies.

c. The Minutes of the Board Meeting/s of the Unlisted Subsidiary Company/ies and its Significant Transactions and/or Arrangements shall be placed before the Board of the Listed Holding Company.

d. The Management shall periodically bring to the attention of the Board of Directors of the Listed Holding Company, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.

e. The Audit Committee shall review the utilization of loans and/or advances from/investment by the Company in its Subsidiary exceeding Rupees 100 Crore or ten percent (10%) of the asset size of the Subsidiary, whichever is lower including existing loans/advances/investments.

f. The Company, without the prior approval of the Members by a Special Resolution, shall not:

   i. dispose of its shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent; or ceases the exercise of control over the Subsidiary/ies except in cases where disinvestment 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; or
   ii. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court or 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.

g. For listed subsidiary of the Company which itself is a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

h. The Company shall annex with its annual report, a copy of the secretarial audit report obtained from a Peer Reviewed Company Secretary in Practice in respect of its material unlisted subsidiaries.

5. Communication of this Policy

A copy of this Policy shall be handed over to the Directors of the Company within one month from the date of approval by the Board. This Policy shall also be posted on the web-site of the Company and a web link thereto shall be provided in the Annual Report of the Company.

6. Amendment

The Board of Directors or any of its duly authorized Committee shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding.