

POLICY FOR DETERMINING ‘MATERIAL’ SUBSIDIARIES

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1. Purpose and objective

This policy has been framed in order to comply with the requirement of SEBI (LODR) Regulations, 2015 (“Listing Regulations”) as may be amended from time to time. The purpose of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of Triveni Power Transmission Limited.

2. Definitions

“**Board**” shall mean Board of Directors of **Triveni Power Transmission Limited**

“**Policy**” means Policy for determining Material Subsidiary

“**Material Subsidiary**” shall mean a subsidiary, 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 as may be specified under applicable laws from time to time.

“**Subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made thereunder, as amended from time to time.

“**Net Worth**” means net worth as defined under Section 2(57) of the Companies Act, 2013, from time to time.

3. Determination of Material Subsidiary

In order to determine the material subsidiary, the Company shall use its consolidated audited financial statements of the immediately preceding accounting year. At the end of every accounting year when the financial statements are approved by the Board of Directors of the Company, the materiality of each of the Company's subsidiaries shall be determined based on the defined parameters. The subsidiary, that meets the materiality threshold, shall be considered as material from that date.

4. Governance framework

- (i) At least one independent director on the Board of the Company shall be a director on the Board of a material unlisted subsidiary, whether incorporated in India or abroad.

(For the purpose of this clause “Material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year or such other limit as may be prescribed under the Listing Regulations from time to time).

- (ii) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

- (iii) The minutes of the Board meetings of the unlisted subsidiary company shall be placed before the Board of the Company periodically.
- (iv) The management shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

(For the purpose of this clause, the term “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 for the immediately preceding accounting year).

- (v) A statement containing salient features of the financial statement of its subsidiaries and associate/JV companies (on an annual basis).
- (vi) Every material unlisted subsidiary incorporated in India shall undertake secretarial audit by a Secretarial Auditor, who shall be a Peer Reviewed Company Secretary and the Secretarial Audit Report in the specified form shall be annexed with the annual report of the Company.

5. Disposal of shares or assets of Material subsidiary

The Company shall not without the prior approval of the shareholders by way of special resolution –

- (i) dispose of shares in the Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary.
- (ii) sell, dispose of or lease out assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during the financial year.

Provided that the provisions under clause 5(i) & (ii) shall not be applicable if the divestment or sale or disposal or 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.

Provided further that the provision under clause 5(ii) above shall not apply if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

6. Disclosure

This policy shall be disclosed on the Company’s website and web link thereto shall be provided in the annual report of the Company.

7. Review/Revision of the Policy

This Policy has been approved and adopted by the Board of the Company, and shall be reviewed and suitably revised/amended by the Board from time to time as deemed necessary and in accordance with the requirement of, and to ensure compliance with the provisions of Listing Regulations.

In case of any modification(s), amendment(s), clarification(s), circular(s), re-enactment etc. issued by the relevant statutory authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand automatically amended from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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