

KALPATARU POWER TRANSMISSION LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

INTRODUCTION

The Board of Directors of Kalpataru Power Transmission Limited (KPTL) has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

TITLE

This Policy shall be called 'Policy for determining material subsidiaries'.

OBJECTIVE

The Policy is framed in accordance with the requirements of the Clause 49 of the Listing Agreement (including any amendments thereof).

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such subsidiaries.

DEFINITIONS

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of definition or explanation therein, as per the Companies Act, 2013 and Rules, Notifications, Circulars made / issued or to be made / issued thereunder, as amended from time to time.

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

"Company" means KPTL.

"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 under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

"Policy" means this Policy, as amended from time to time.

"Subsidiary" shall mean a subsidiary as defined under the Companies Act, 2013 and Rules made thereunder.

POLICY

A subsidiary shall be considered as **Material** if-

- the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

Material Non Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

REQUIREMENT REGARDING MATERIAL SUBSIDIARY MATERIAL NON LISTED INDIAN SUBSIDIARY

The Company shall not:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting, without passing a special resolution in its General Meeting,
- 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, without prior approval of shareholder by way of special resolution in its General Meeting unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

The Company shall:-

- appoint atleast one Independent Director of the Company as a Director on the Board of the material non-listed Indian subsidiary company.

PROVISION WITH REGARD TO SUBSIDIARY COMPANIES

- The Audit Committee of the listed holding company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company;
- The management shall periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;

AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISSEMINATION OF POLICY

This policy shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.

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