

**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. The first amendment to the Policy was carried out by the Board of Directors at its meeting held on 22<sup>nd</sup> March, 2019 to be effective from 1<sup>st</sup> April, 2019.

**TITLE**

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

**OBJECTIVE**

The Policy is framed and amended in accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ((as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 to be effective from 1<sup>st</sup> April, 2019)) (erstwhile as required under 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**"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**

For the purpose of this Policy, unless otherwise specifically stated, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

A list of such Material subsidiaries shall be presented to the Audit Committee annually for its noting.

## **REQUIREMENT REGARDING MATERIAL 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 except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal,
- 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.

Every unlisted material subsidiaries of the Company incorporated in India shall undertake secretarial audit and shall annex with annual report, a secretarial audit report, given by a company secretary in practice.

The Company shall:-

- appoint atleast one Independent Director of the Company as a Director on the Board of the unlisted material subsidiary company, whether incorporated in India or not. Notwithstanding anything contained in this Policy, only for the specific purpose of this requirement, 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 the listed entity and its subsidiaries in the immediately preceding accounting year.

## **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 of the unlisted subsidiary 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

For the purpose of this requirement “significant transaction or arrangement” shall mean such transaction or arrangement as defined in Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time.

## **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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## **DISSEMINATION OF POLICY**

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

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