



TD POWER SYSTEMS LIMITED

Corporate Identity Number (CIN): L31103KA1999PLC025071
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Adopted by the Board of Directors on February 03, 2016.

POLICY ON DETERMINING MATERIAL SUBSIDIARIES

(Pursuant to Regulation 16 (1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) (Hereinafter called as “LODR”)

1. Introduction

The Board of Directors (the “Board”) of TD Power Systems Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries and to provide a governance framework for such subsidiaries.

2. Definitions

“Audit Committee or Committee”	means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of LODR and the Companies Act, 2013.
“Board of Director” or “Board”	means the Board of Directors of TD Power Systems Limited, as constituted from time to time.
“Company”	means TD Power Systems Limited
“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 LODR.

“Policy on Material Subsidiaries”

“Material Non Listed India Subsidiary” implies an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up share capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“Policy” means Policy on Material Subsidiaries.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, and LODR or any other applicable laws or regulations.

3. Material Subsidiary

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a. in which the Investment of the Company in subsidiary, exceeds twenty percent (20%) of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- b. if the subsidiary has generated twenty percent (20%) of the consolidated income of the Company during the previous financial year.

4. Independent Director on the Board of material non-listed Indian subsidiary companies

At least one Independent Director of the Company shall be a director on the Board of the Material non-listed Indian subsidiary companies.

5. Review by Audit Committee/Board of directors of the Company

- a. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- b. The Board of the Company is consulted in respect of the appointments, remuneration and severance of CEO & senior managerial personnel and reviews the business plans and contracts by the unlisted subsidiary company.

6. Minutes and Significant transactions / arrangements of unlisted subsidiary companies

- a. The minutes of the Board meetings of the unlisted subsidiary companies shall be placed at the Board meeting of the company.

“Policy on Material Subsidiaries”

- b. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and arrangements (including purchase orders released under contracts where in the purchase order value was Rs. 5 crore or 10 % of contract value, whichever is lower) entered into by the unlisted subsidiary company.

7. Restriction on Disposal of Shares and Assets of material subsidiary by the company

The Company, without passing a special resolution in its General Meeting, shall not:

- a. dispose shares in material subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the subsidiary, except in cases where divestment is under a scheme of arrangement duly approved by a court/ tribunal; or
- c. Sell, dispose and lease of assets amounting to more than twenty percent (20%) of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/dispose/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

8. Disclosures

As prescribed under LODR, this Policy shall be disclosed on the website of the Company at www.tdps.co.in and a web link thereto shall be provided in the annual report.

9. Policy review

This policy shall be subject to review and changes as may be deemed necessary by the Board of Directors and to comply with any regulatory requirements.

Bangalore
February 03, 2016

TD Power Systems Limited