



**TD POWER SYSTEMS LIMITED**

Corporate Identity Number (CIN): L31103KA1999PLC025071  
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**POLICY ON DETERMINING MATERIAL SUBSIDIARIES**

*[Pursuant to Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 corresponding Clause 49 of Listing Agreement]*

Modified on February 08, 2023



## 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 effective October 1, 2014. The Board may review and amend this policy from time to time.

## 2. Policy Objective

To determine the Material Subsidiaries of TD Power Systems Limited and to provide the governance framework for such subsidiaries.

## 3. Definitions

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| “Audit Committee or Committee”           | means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Regulations 18 of SEBI Listing Regulations, 2015 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 the SEBI Listing Regulations.        |
| “Material Subsidiary”                    | Means a subsidiary, whose income or net worth exceeds 10 percent 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 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 the Listing Agreement or any other applicable laws or regulations.

#### **4. Independent Director on the Board of Unlisted material subsidiary**

At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary company, whether incorporate in India or not.

For the purpose of this provision, notwithstanding anything contained in clause 3 above, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

#### **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.
- 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 or equal to 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 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
- 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 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.

#### **8. Secretarial Audit**

Every material unlisted subsidiary incorporate in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

#### **9. Disclosures**

As prescribed under Listing Regulations, this Policy shall be disclosed on the website of the Company at [www.tdps.co.in](http://www.tdps.co.in) and a web link thereto shall be provided in the annual report.

**Bangalore**

**TD Power Systems Limited**

