



TECHNO ELECTRIC & ENGINEERING COMPANY LTD

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the “**Board**”) of **Techno Electric & Engineering Company Limited** (the “**Company**”) has adopted policy and procedures with regard to determination of Material Subsidiaries as mentioned below.

2. OBJECTIVE

This policy deals with determination of Material Subsidiaries of the Company in terms of Clause 49 of listing agreement (as amended) which requires the Company to formulate the policy for determination of Material Subsidiary and the objective of this policy is to ensure the governance framework of material subsidiary companies.

3. DEFINITIONS

“**Act & Rules**” means the Companies Act, 2013 & Rules made there under.

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company under provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

“**Board of Director**” or “**Board**” means the Board of Directors of the Company.

“**Holding Company**” is as defined under clause 2(46) of the Companies Act, 2013 and Rules made thereunder.

“**Independent Director**” means a director of the Company who satisfies the criteria prescribed under Section 149 of Companies Act, 2013 read with Clause 49 of the Listing Agreement.

“**Material non-listed Indian subsidiary**” shall mean an unlisted subsidiary company, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding financial year.

“**Material Subsidiary**” 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 if the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.

“**Subsidiary Company**” shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and Rules made thereunder.

“**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 financial year.

4. PROVISION WITH REGARD TO SUBSIDIARY COMPANIES

- i) One Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of material non-listed Indian subsidiary company.
- 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 at the Board meeting of the listed company
- iv) The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;
- v) Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company and no holding company shall allot or transfer its shares to any of its subsidiary companies and any such allotment or transfer of shares by the Company to its subsidiary company shall be void.

6. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not, without prior approval by way of passing a special resolution in its General Meeting:

- i) 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; or
- ii) Sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year;
- iii) The provision of clause 6(i) and (ii) shall not be applicable in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court/Tribunal.

7. DISCLOSURE

This Policy shall be disclosed on the Company's website at www.techno.co.in and web link thereto shall be provided in the Annual Report of the Company.

The Board shall have the power, subject to applicable laws, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.
