

# **POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

## **TELGE PROJECTS LIMITED**

*(Formerly known as Telge Projects Private Limited)*

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## Policy for Determining Material Subsidiary

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### 1. Introduction:

Explanation to regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations, 2015”), requires every listed company to formulate a policy for determining a “material” subsidiary, accordingly the Board of Directors (the "Board") of *Telge Projects Limited* (the "Company"), have adopted this policy for determination of “Material Subsidiaries”.

The primary objective of this policy is to determine material subsidiaries of the Company and to provide governance framework for such Subsidiaries.

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

### 2. Definition:

“**Company**” means Telge Projects Limited.

“**Board of Director**” or “**Board**” means the Board of Directors of Telge Projects Limited, as constituted from time to time.

“**Policy**” means this Policy for Determining Material Subsidiaries of the Company.

“**Audit Committee**” or “**Committee**” means the committee constituted by the Board of Directors of the Company.

“**Independent Director**” or “**ID**” implies a Non-Executive Director of the Company, other than a Nominee Director and who is neither a promoter nor belongs to the promoter group of the company, and who satisfies other criteria for independence mentioned in the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

“**Control**” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

“**Holding Company**” in relation to one or more other companies, means a company of which such companies are Subsidiary companies.

“**Subsidiary**” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013.

“**Material Subsidiary**” means a subsidiary, whose income or net worth exceeds **ten percent** of the consolidated income or net worth respectively, of the Company and its subsidiaries in the

immediately preceding accounting year.

**“Significant Transaction and Arrangement”** means any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

**“Income / Revenue”** means Total Income (including other income) as per the latest audited financial statements of the Company.

**“Net Worth”** means net worth as defined under Section 2(57) of the Companies Act,2013.

**“Consolidated Income”** means the total income of the Company and its Subsidiaries.

Unless otherwise stated, all terms appearing in this Policy shall have the same meaning assigned to them in the Regulations from time to time.

### 3. Governance Framework:

- (i) At-least one Independent Director of the Company shall be a director on the Board of the \*Material Non-Listed Indian Subsidiary Company.
- (ii) The Audit Committee of the listed holding company shall also 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 periodically placed at the Board meeting of the listed holding company.
- (iv) The management of the unlisted subsidiary should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

*[\*Note: For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, 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]*

### 4. Conditions regarding disposal of Subsidiaries:

The Company, without the prior approval of the members by Special Resolution (except where divestment 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 recognized stock exchanges within one day of the resolution plan being approved), shall not:

- i) dispose shares in Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- ii) cease the exercise of control over the Subsidiary; or
- iii) sell, dispose or lease the assets amounting to more than 20% of the assets of the material

subsidiary.

**5. Secretarial audit by the Material Unlisted Subsidiaries incorporated in India:**

The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a secretarial audit report, given by a company secretary in practice, in Form No. MR-3 as specified under the Act.

**6. Review and Amendments:**

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, review and 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.

The Board may make any amendments to the Policy from time to time, 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.

**7. Reporting and dissemination of policy:**

As prescribed in terms of the provisions of Clause 62(1A) (h) and other applicable provisions, if any, of the SEBI (LODR) Regulations, 2015, this Policy shall be disclosed on the website of the Company and a web link thereto shall be disclosed in the Annual Report of the Company.

The Company shall follow such other reporting and disclosure requirements as may be specified in terms of the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, from time to time.

**8. Scope and limitation:**

In the event of any conflict between the provisions of this Policy and the SEBI (LODR) Regulations, 2015 or the Act or any other relevant legislation/ regulation applicable to the Company, the provisions of the SEBI (LODR) Regulations, 2015 or the Act or such other relevant law / regulation shall prevail over this Policy.

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