



# Transformers and Rectifiers (India) Limited

Policy for Determining  
Material Subsidiaries



### **1. Title:**

This Policy shall be called “Policy for determining Material Subsidiaries” (Policy).

### **2. Objectives:**

This Policy is framed in order to meet the requirements of Regulation 16 and 24 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and is intended to ensure the governance of the Company’s Material Subsidiary Companies.

The Board of Directors of the Company has formulated a policy for determining “Material Subsidiaries” to comply with the requirement of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 for such Material subsidiaries.

Pursuant to the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015, the Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

### **3. Effective:**

The Policy is effective from 1<sup>st</sup> April, 2019

### **4. Definitions:**

“**Act**” means the Companies Act, 2013 including any statutory modifications or re-enactment thereof.

“**Board of Directors**” or “**Board**” means the Board of Directors of Transformers and Rectifiers (India) Limited as constituted from time to time.

“**Company**” means Transformers and Rectifiers (India) Limited.

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

“**Independent Director**” means an Independent Director referred to in sub-section (5) of Section 149 of the Act read with Regulations 16(1) (b) and Regulation 25 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 entered by the Company with the Stock Exchanges and as may be amended from time to time.”



**“Material Subsidiary” pursuant to the amendment in Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** shall mean a subsidiary, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year whether incorporated in India or not

**“Material Subsidiary” pursuant to the amendment in Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** shall mean a subsidiary, whose income or net worth exceeds **ten** percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.”

**“Subsidiary Company”** means Subsidiary Company as defined under Section 2(87) of the Act and the rules made thereunder.

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

#### **5. 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 unlisted subsidiary company shall be placed at the Board meeting of the listed holding Company;
- The Management 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;
- The Company shall include particulars of subsidiary Companies in its annual return;
- The Company shall also attach a statement along with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries.
- The Company shall along with its financial statements to be filed with Registrar, attach the accounts of its Subsidiary or Subsidiaries which have been incorporated outside India & which have not established their place of business in India;



- The Company shall place separated audited accounts in respect of each of its subsidiary on its website, if any and shall provide the copy of such audited financial statements to any shareholders of the Company, who asks for its.

**6. Provisions with regard to Material Subsidiary pursuant to the amendment in Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

- At least one Independent director on the Board of Directors of the holding Company shall be a Director on the Board of Directors of a unlisted material subsidiary Company.

**7. Provisions with regard to Material Subsidiary pursuant to the amendment in Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

- The Company shall not dispose of the shares in its 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 except in cases where such disinvestment is made under scheme of arrangement duly approved by the Court/ Tribunal.
- The Company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during the financial year without prior of the shareholders by way of passing special resolution in its General Meeting, unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by Court/ Tribunal.

**8. Amendments:**

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

**9. Interpretations:**

Any words used in the Policy but not defined herein shall have the same meaning attributed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and regulations made there under, the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 or any other relevant legislation or any other relevant legislation/ law applicable to the Company.