



## POLICY ON DETERMINING MATERIAL SUBSIDIARY

### 1. INTRODUCTION

The Board of Directors (the “Board”) of Prabha Energy Limited (the “Company”), has adopted this policy for determining ‘Material’ Subsidiaries in terms of Regulation 16(1)(c) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended time to time.

### 2. POLICY OBJECTIVES

The objective of this Policy is to set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

### 3. DEFINITIONS

In this Policy, unless the context otherwise requires:

- (a) “**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars, notification, orders to remove difficulties or re-enactment thereof time to time.
- (b) “**SEBI Listing Regulations**” means SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended time to time.
- (c) “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.
- (d) “**Audit Committee or Committee**” means the Committee of Board constituted by the Board of Directors of the Company under the provisions of SEBI Listing Regulations and Act from time to time.
- (e) “**Control**” shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (f) “**Independent Director**” shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013.
- (g) “**Net Worth**” means net worth as defined in section 2(57) of the Companies Act, 2013.
- (h) “**Subsidiary Company**” or “**Subsidiary**” shall be as defined under section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act, SEBI Listing Regulations or any other applicable law or regulation and as amended from time to time.



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### **4. DETERMINATION OF MATERIAL SUBSIDIARY:**

A subsidiary shall be considered as material if its turnover or net worth exceeds 20% (twenty percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

### **5. GOVERNANCE FRAMEWORK:**

- At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of an Unlisted Material Subsidiary whether incorporated in India or not.
- The minutes of the Board meetings of the Unlisted Subsidiary Companies shall be placed at the Board Meeting of the Company.
- The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- The Company and its Material Unlisted Subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity.

### **6. DISPOSAL OF SHARES / ASSETS MATERIAL SUBSIDIARY:**

- (a) The Company shall not of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other Subsidiaries) to less than or equal to 50% (fifty percent) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such 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 the recognized stock exchanges within one day of the resolution plan being approved.
- (b) The Company shall not of shares sell, dispose and lease of assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year unless it obtains the prior approval of shareholders by way of special resolution except where the sale/disposal/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.



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### **7. REVIEW OF SIGNIFICANT TRANSACTION AND ARRANGEMENTS ENTERED INTO BY UNLISTED SUBSIDIARY COMPANY:**

The Management of the Unlisted Subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.

For the purpose of this sub-clause, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (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.

### **8. REVIEW OF POLICY:**

The Board of Directors shall have power to review and amend the Policy from time to time. If there be any inconsistency between the terms of the Policy and the SEBI Listing Regulations, the provisions of the SEBI Listing Regulations shall prevail. Any amendments to the SEBI Listing Regulations shall mutatis mutandis be deemed to have been incorporated in this Policy.

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