



# SURANA TELECOM AND POWER LIMITED

(CIN- L23209TG1989PLC010336)

Regd. Off: 5<sup>th</sup> Floor, Surya Towers, S.P.Road, Secunderabad-500 003

## POLICY ON MATERIAL SUBSIDIARY

### PREAMBLE

SuranaTelecom and Power Limited has, in accordance with Regulation 16(1) (c) and Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions (including any statutory enactments/ amendments thereof), adopted the Policy for laying down criteria for determining "Material Subsidiary (ies)" and their Governance.

Also, the Audit Committee have the right to review and subsequently withdraw and/or amend any part of the Policy or the entire Policy, at any time, as it deems fit, or from time to time, to give effect to changes or amendments in the applicable Acts, Rules or Regulations and the decision of the Board in this respect shall be final and binding. Accordingly, the Audit Committee has amended the Policy and adopted the same.

The policy is intended to augment and work in conjunction with regulatory provisions and other company policies.

### OBJECTIVES OF THE POLICY

The objective of this policy is to:

- To determine the Material Subsidiary(ies) and Un-listed Material Subsidiary(ies).
- To provide Governance Framework for such Subsidiaries.

### DEFINITIONS

- "Act" means the Companies Act, 2013, rules framed thereunder and any amendments thereto.
- "Audit Committee" shall mean a committee of Board of Directors of the Company constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- "Board" shall mean Board of Directors of SuranaTelecom and Power Limited, as constituted from time to time.
- "Company" The words "This Company", "The Company", "Company" wherever occur in the policy shall mean "*Surana Telecom and Power Limited*".
- "Independent Director" shall mean a Director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- "Un-listed Material Subsidiary" shall mean an Unlisted Subsidiary, whose income or net worth exceeds ten (10) percent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. (*Note: For the purpose of the requirement of Regulation 24(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time,*

*notwithstanding anything to the contrary contained in regulation 16 of the said regulation or this Policy the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty (20) percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year).*

- “**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten (10) percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- “**Policy**” shall mean this policy, as amended from time to time.
- “**Significant Transaction or Arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten (10) 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.
- “**Subsidiary**” shall mean subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules made thereunder.
- “**Unlisted Subsidiary**” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other SEBI Regulation(s) as amended from time to time.

#### **CRITERIA FOR DETERMINING MATERIAL SUBSIDIARIES**

The Audit Committee shall in its meeting, in which Audited Financial Results of the Company for previous year are considered, review all its subsidiaries on annual basis and upon that review a subsidiary fulfilling the criteria of “**Material Subsidiary**” shall be regarded as such for the current financial year.

The Company will ensure the compliance of requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to the Material Subsidiary (ies) and Un-listed Material Subsidiary (ies).

#### **GOVERNANCE**

- The Audit Committee shall review the Financial Statements, in particular, the investments made by the “Unlisted Subsidiary” of the “Company”.
- The minutes of the Board Meetings of the “Unlisted Subsidiary” shall be placed at the Board Meeting of the “Company” at regular intervals.
- The Board shall be provided periodically with a statement of all “Significant Transaction and Arrangement” entered into by the “Unlisted Subsidiary” of the “Company”.
- At least one (1) “Independent Director” of the “Company” shall be a director on the board of the “Unlisted Material Subsidiary” whether incorporated in India or not as per the provision of Regulation 24(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **DISPOSAL OF SHARES OF “MATERIAL SUBSIDIARY” COMPANIES**

The Company shall not dispose of shares in its “Material Subsidiary”, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than Fifty Percent (50%) 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 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 (1) day of the Resolution Plan being approved.

## **DISPOSAL OF ASSETS OF “MATERIAL SUBSIDIARY” COMPANIES**

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the “Material Subsidiary” shall require prior approval of shareholders by way of Special Resolution, unless 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 (1) day of the Resolution Plan being approved.

## **SECRETARIAL AUDIT FOR “MATERIAL UNLISTED SUBSIDIARIES” INCORPORATED IN INDIA**

“Material Unlisted Subsidiaries” of the “Company”, 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 such form as may be specified with effect from the year ended March 31, 2019.

## **DISCLOSURES**

The Company shall disclose in its Board’s report, details of this Policy as required under the “Act” and the Listing Regulations, also the contents of this policy as amended from time to time shall be displayed on the Company’s website viz., [www.suranatele.com](http://www.suranatele.com)

## **LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments or rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.

The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed there under or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

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