

TORRENT POWER LTD.
POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARIES

I. BACKGROUND

SEBI vide notification dated 2nd September, 2015, introduced SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) replacing the then prevailing Listing Agreement. Pursuant to Regulation 16 of Listing Regulations, listed companies are required to formulate a policy for determination of Material Subsidiaries with a view to ensure certain special compliances by the listed holding company with respect to its material subsidiaries so determined. The amendments to the Listing Regulations issued by SEBI on 9th May, 2018 require a modification to the prevailing policy. Accordingly the Board approved this policy on 30th October, 2018 effective from 1st November, 2018.

The following is the list policies on the matter prevailing for specified time periods.

Board Approval	Policy	Applicable Time Period
4 Nov 2014	Policy for determining “Material” Subsidiaries	1 Oct 14 to 30 Nov 2015
28 Oct 2015	Policy for determining “Material” Subsidiaries	1 Dec 2015 to 31 Oct 18
30 Oct 2018	Policy for determination of Material Subsidiaries	1 Nov 2018 onwards

II. OBJECTIVE

The objective of this is to lay down guidelines for determining which of the Subsidiary companies are a Material Subsidiary in terms of the Listing Regulations with a view to ensure special compliances applicable in relation to Material Subsidiaries.

III. DEFINITIONS & INTERPRETATIONS

All the words and expressions used herein shall have the same meaning ascribed to them in the Companies Act 2013, SEBI Act 1992 or rules and regulations made thereunder and any other relevant legislation applicable to the Company.

IV. DETERMINATION OF MATERIAL SUBSIDIARY

The Company Secretary and in his absence the Chief Financial Officer shall determine the materiality or otherwise of each Subsidiary company based on the provisions of the Listing Regulations.

V. COMPLIANCES WITH RESPECT TO MATERIAL SUBSIDIARIES

The following are the special compliance requirements with respect to each of the Material Subsidiary:

1. The Company shall not dispose of shares in its Material Subsidiary resulting in reduction of 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 divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

Explanation: "Control" for this purpose has the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

2. The Company shall not sell, dispose and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without obtaining 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.

Explanation: For the purposes of (1) and (2) above, a subsidiary shall be considered material if its income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

3. At least one independent director on the Board of Directors of the Company shall be a Director on the Board of Directors of unlisted Material Subsidiary.

Explanation: For the purpose of (3) above, a unlisted subsidiary shall be considered material if its income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

VI. DISCLOSURES AND AMENDMENT

The Policy shall be disclosed on the website of the Company www.torrentpower.com and a web link thereto shall be provided in the Annual Report of the Company.

The Company Secretary and in his absence the Chief Financial Officer shall amend this Policy pursuant to changes in applicable laws and regulations. Any such change will be placed before the next Board meeting.