

STERLITE POWER TRANSMISSION LIMITED

POLICY ON MATERIAL SUBSIDIARY*

Owner:

Corporate Secretarial Department

Issue Date:

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Version:

Policy on material subsidiary – 1.0

*The Policy, to the extent they are applicable to an un-listed public company, shall become applicable from the date of its approval by the Committee/Board, as the case may be. Post listing of the equity shares of the Company with the Stock Exchange(s), the policies would become fully applicable to the Company.

The Board of Directors (the "Board") of Sterlite Power Transmission Limited, acting upon the recommendation of the Audit Committee, has adopted the following policy with regard to determining material subsidiaries as required by Securities and Exchange Board of India Limited (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations"). The Audit Committee will review and may amend this policy from time to time, subject to the approval of the Board.

1. Purpose and Effective Date

Sterlite Power Transmission Limited has adopted this Policy on Material Subsidiary (the "**Policy**"), to determine the material subsidiaries and to provide governance framework for such subsidiaries as required under the provisions of Listing Regulations.

This revised policy shall apply with effect from

2. Definitions

- i. **Audited consolidated financial statements:** Audited consolidated financial statements means consolidated financial statements of the Company and its Subsidiaries / Joint Ventures for the previous financial year, which have been audited by the statutory auditors of the Company and adopted by the members of the Company in the Annual General Meeting of the Company.
- ii. **Material Subsidiary:** For the purpose of this Policy, except as otherwise provided hereunder, a subsidiary of the Company shall be considered as Material Subsidiary if:
 - a. the income of the subsidiary exceeds 10% of the consolidated income of the Company and its Subsidiaries/ Joint Ventures as per the audited consolidated financial statements.

Or

 - b. the net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its Subsidiaries/ Joint Ventures as per the audited consolidated financial statements.
- iii. **Significant transaction or arrangement:** Any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, disclosed in the audited stand-alone financial statements of the unlisted Subsidiary Company for the immediately preceding accounting year.
- iv. **Subsidiary Company:** Subsidiary company 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 this policy, but defined in the Companies Act, 2013 ('the Act') or any rules framed under the Act or in the Securities Contracts (Regulation) Act, 1956 or the Securities and

Exchange Board of India Act, 1992 or in Listing Regulations or the Accounting Standards shall have the meanings assigned to them in those Acts, Rules, Regulations or Standards.

3. Requirements:

- i. The Company, without prior approval of the shareholders by special resolution, shall not:
 - a. dispose of shares in the Material Subsidiary that reduces shareholding of the Company (either its own or together with other subsidiaries) to less than 50% or results in cessation of control over the Material Subsidiary;
 - b. sell, dispose of or lease the assets amounting to more than 20% of the assets (on an aggregate basis during a financial year) of the Material Subsidiary as per its audited stand-alone financial statements of previous financial year.

Except in cases where such disinvestment / sale / disposal / lease as the case may be, is made under a scheme of arrangement duly approved by the Court / Tribunal.

- ii. At least one independent director on the Board of the Company, will be appointed as a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this clause, the term “material subsidiary” shall mean a Subsidiary Company, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries/ Joint Ventures as per the audited consolidated financial statements.

- iii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company on an annual basis.
- iv. The minutes / gist of meeting of the Board of the unlisted Subsidiary Company shall be placed at the Board Meeting of the Company.
- v. The management shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary Company.
- vi. This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report.

4. Compliance with the Policy

It shall be the responsibility of the Company Secretary to ensure compliance with the Policy and that the approval process is duly followed and data required for the approval process is made available to the respective approving authority.

In case of non-compliances, it shall be the responsibility of the Company Secretary to report the non-compliances to the Audit Committee/Board of Directors. The Audit Committee/Board of Directors may take appropriate mitigating actions in compliance with prevailing laws.

In case there is any conflict between the provisions of this Policy and the Listing Agreement, the Act or any other Statute/Rule/Regulation, the provisions of the Listing Agreement, the Act or such other Statute/Rule/Regulation shall prevail over this Policy.

This Policy shall be communicated to all employees and other concerned persons of the Company. Further, this Policy shall be uploaded on the website of the Company and website link for the same shall be provided in the Annual Reports of the Company.