

Policy For Determining Material Subsidiaries

Policy For Determining Material Subsidiaries

OBJECTIVE

The objective of the Policy is to determine material subsidiaries pursuant to the provision 16(1)(c) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and to provide the governance framework for such subsidiaries.

DEFINITIONS

“Act” means the Companies Act 2013 as may be amended from time to time including the applicable Rules, Regulations framed there under, and Notifications and Circulars issued thereunder.

“Board of Directors” or **“Board”** means the Board of Directors of Operational Energy Group India Limited, as constituted from time to time.

“Company” means Operational Energy Group India Limited.

“Independent Director” means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and SEBI LODR.

“SEBI LODR” means SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as may be amended from time to time including notifications and circulars issued thereunder.

“Subsidiary” shall mean the same as defined under the Companies Act 2013 and the Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in SEBI LODR and in the absence therein, as per the Act.

IDENTIFICATION OF MATERIAL SUBSIDIARY

A subsidiary shall be considered as Material if

- A) the income of the subsidiary exceeds ten percent of the consolidated income of the company and its subsidiaries during the previous financial year; or
- B) net worth of the subsidiary exceeds ten percent of the consolidated net worth of the company and its subsidiaries as per the audited balance sheet of the previous financial year.

The definition of Material Subsidiary shall be subject to change as may be amended from time to time under Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or other applicable laws.

GOVERNANCE FRAMEWORK OF UNLISTED SUBSIDIARY COMPANIES

1. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
2. The Audit Committee shall review the utilization of loans and/ or advances from/investment by the Company in the subsidiary exceeding INR 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
3. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
4. The Management 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.
5. the Audited Annual Financial Statements of subsidiaries shall be hosted on the website of the Company at least 21 days before the date of AGM.
6. the statutory auditor of the Company shall undertake a limited review of the audit of all the entities/ companies whose accounts are to be consolidated with the Company as per AS 21, in accordance with the guidelines issued by the SEBI on this matter.

EXPLANATION: The term “significant transaction or arrangement” shall mean 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, of the unlisted subsidiary for the immediately preceding accounting year.

DISPOSAL OF SHARES IN THE MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not:-

- A. dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%.
- B. dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary.

DISPOSAL OF ASSETS OF THE MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not:-

- A. sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
- B. Nothing contained in this sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the listed entity.

INDEPENDENT DIRECTOR ON THE BOARD OF AN UNLISTED MATERIAL SUBSIDIARY

- A. At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed subsidiary company whether incorporated in India or not
- B. For the purposes of this requirement, “**material non-listed subsidiary**” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

SECRETARIAL AUDIT BY THE MATERIAL UNLISTED SUBSIDIARIES INCORPORATED IN INDIA

The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a secretarial audit report, given by a peer reviewed Company Secretary in practice, in Form No. MR-3 as specified under the Act.

DISCLOSURES

This Policy shall be disclosed on the Company’s website viz. www.samayprojects.com and a web link thereto shall be provided in the Annual Report pursuant to Schedule V of SEBI LODR.

REVIEW AND AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the LODR / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such LODR / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.