

STERLING POWERGENSYS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Introduction

The Board of Directors ("the Board") of Sterling Powergensys Limited ("the Company") is obliged to formulate a policy for determining "Material Subsidiaries" to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for such material subsidiaries.

Objective

The objective of the Policy is to determine material subsidiary(s) of the Company and to provide a governance framework for such material subsidiary(s). The Policy is framed in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR) (including any amendments thereof).

Definitions

"Act" means the Companies Act, 2013 as may be amended from time to time.

"Audit Committee" means the Audit Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

"Board" means the Board of Directors as defined in Section 2(10) of the Companies Act, 2013.

"Holding Company" in relation to one or more other Holding Company means a company of which such companies are subsidiary companies.

"Company" means Sterling Powergensys 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 the Listing Agreement with the Stock Exchanges.

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Subsidiary Company” means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 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. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

Policy

A subsidiary shall be considered as Material if:

The income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiary(s) in the immediately preceding accounting year.

A list of such Material subsidiaries shall be presented to the Audit Committee annually for its noting.

Provisions with regard to Subsidiary Companies

- One Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of its Material Non-listed Indian Subsidiary Company.
- The Audit Committee of the Company shall review the financial statements, in particular the investments made by its Unlisted Subsidiary Company.
- The minutes of the Board meetings of the Unlisted Subsidiary Company shall be placed at the Board meeting of the company.
- The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions & arrangements entered into by its Unlisted Subsidiary Company.
- Subsidiary Company shall not either by its own or through its nominees, hold any shares in its Holding Company & no Holding Company shall allot or transfer its shares to any of its Subsidiary Companies & any such allotment or transfer of shares of a Company to its Subsidiary Company shall be void.

Nothing contained in this clause, shall apply to a case:-

- a) Where the Subsidiary Company holds such shares as the legal representative of a deceased member of the Holding Company; or

- b) Where the Subsidiary Company holds such shares as a trustee; or
- c) Where the Subsidiary Company is a shareholder even before it became a Subsidiary Company of the Holding Company.

The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.

Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution or a resolution with majority as may be prescribed under the Listing Regulations, shall not:

- a) Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) Ceases the exercise of control over the Material Subsidiary; or
- c) Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during an accounting year;

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

Disclosure

This Policy shall be disclosed on the Company's website & a web link thereto shall be provided in the Annual Report of the Company.

Amendments and Updates

The Board shall have the power, subject to applicable laws, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there is any statutory changes necessitating the amendment in the policy.

The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

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.