



THEJO ENGINEERING LIMITED

CIN: L27209TN1986PLC012833

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POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. Preamble:

Thejo Engineering Limited (“the Company” or “Thejo”) is governed, *inter alia*, by the Rules and Regulations framed by Securities Exchange Board of India (“SEBI”)

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the SEBI (LODR) Regulations” or “the Listing Regulations”), as amended, lays down the regulatory requirement in respect of ‘Material Subsidiaries’.

The Board of Directors (“the Board”) of the Company, have adopted the following policy and procedures regarding determination of ‘Material Subsidiaries’ (“the Policy”/“this Policy”) in line with the Listing Regulations.

This Policy will be applied to determine the Material Subsidiaries of the Company and to provide the Corporate Governance framework for its Subsidiaries.

2. Definitions:

- 2.1 **“Audit Committee”** means the Audit Committee of the Board constituted in accordance with Section 177 of the Act and provisions of the SEBI (LODR) Regulations.
- 2.2 **“Board” or “Board of Directors”** means collective body of Directors of the Company.
- 2.3 **Consolidated Income or Net Worth** means the consolidated income or net worth of the Company and its Subsidiaries.
- 2.4 **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 Regulations.

- 2.5 **Material Subsidiary** shall mean a Subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year or such other threshold limits fixed under the Listing Regulations.
- 2.6 **Unlisted Material Subsidiary** means a Subsidiary that is determined as a 'Material Subsidiary' in accordance with this Policy and which is either incorporated in India or abroad and is not listed on any of the Recognised Stock Exchanges.
- 2.7 **“Significant transaction or arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of an Unlisted Subsidiary for the immediately preceding accounting year.
- 2.8 Words and expressions used in this Policy but not defined herein shall have the same meaning as defined under the Companies Act 2013 and the rules framed thereunder, Listing Regulations and/ or any other applicable law or regulations, as deemed appropriate in the given context.

3. Corporate Governance:

- 3.1 At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of an unlisted material subsidiary.

Only for the purposes of this provision, notwithstanding anything to the contrary contained in any other regulation, the term “material subsidiary”, shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

- 3.2 The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiaries on a periodic basis.

- 3.3 The Minutes of the Meetings of the Board of Directors of the Unlisted Subsidiaries shall be placed before the Board of the Company at regular intervals.
- 3.4 The Board shall periodically review the statement of all significant transactions and arrangements entered into by the Unlisted Subsidiaries.
- 3.5 The Company shall not, without passing a special resolution in its General Meeting:
- a. dispose of shares in its Material Subsidiary resulting in reduction of the Company's shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty percent); or
 - b. cease the exercise of control over the subsidiary except in cases where such divestment 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 day of the resolution plan being approved.
- 3.6 Selling, disposing and leasing of assets amounting to more than 20% (twenty percent) of the assets of the material subsidiary (on an aggregate basis during a financial year) 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 day of the resolution plan being approved.
- 3.7 In the case of the Company having any listed subsidiary, which is itself a holding company, the Corporate Governance provisions as contained herein shall apply to the listed subsidiary in respect of its subsidiaries.

4. Amendment / Modification:

The Board of the Company may amend or modify this Policy in whole or in part, at any time as it may deem necessary or pursuant to (i) the amendments to the Companies

Act, 2013; (ii) the Listing Regulations; and (iii) further guidelines and enactments that are issued by the Securities and Exchange Board of India from time to time.

Any amendment / modification in the Listing Regulations and/or applicable laws in respect of the subject matter of this Policy shall automatically apply to this Policy.

In the event of any conflict between this Policy and any applicable law/regulation, such law/regulation shall prevail over this Policy.

5. Disclosure in Annual Report:

As prescribed under the Listing Regulations, this Policy (as amended from time to time) shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report in line with prevailing statutory requirements.

This Policy was approved by the Board at its Meeting held on 25th May 2023.