



# Policy for Determining Material Subsidiaries

## 1. Objective

This policy lays down the criteria for identifying “material subsidiaries” of the Company to ensure compliance with applicable laws, strengthen oversight, and safeguard the interests of stakeholders.

## 2. Definitions

- **Subsidiary:** A company as defined under Section 2(87) of the Companies Act, 2013.
- **Material Subsidiary:**  
A subsidiary shall be considered *material* if any of the following conditions are met:
  1. The subsidiary’s **income** or **net worth** exceeds **10%** of the consolidated income or net worth of the Company and its subsidiaries in the immediately preceding financial year; or
    - Any other criteria prescribed by law or determined by the Board from time to time.

## 3. Identification Process

- The Audit Committee, with inputs from the finance and legal teams, shall annually evaluate all subsidiaries against the above criteria.
- Any newly incorporated or acquired subsidiary will be immediately assessed for materiality.

## 4. Governance of Material Subsidiaries

1. **Audit Committee Oversight**
  - The Audit Committee shall review the financial statements, investments, and significant transactions of all material subsidiaries.
2. **Board Representation**
  - At least one independent director of the Company shall be a director on the board of an unlisted material subsidiary.
3. **Restrictions on Disposal of Shares/Assets**
  - The Company shall not:
    - Dispose of shares in a material subsidiary reducing its shareholding to less than 50%; or
    - Sell/dispose/lease assets amounting to more than 20% of the assets of a material subsidiary; without prior approval of the shareholders by special resolution (unless exempt under law)

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## Servotech Renewable Power System Limited

(Formerly known as Servotech Power Systems Limited)

CIN : L31200HR2004PLC136025

Registered Office : Khata No. 1970, Khewat No. 1672, Khasra No. 21/20/2/2, Revenue Estate, Kundli, P.S.Rai, Sonipat, Haryana - 131029  
Corporate Office : 806, 8th Floor, Crown Heights, Hotel Crowne Plaza, Rohini Sector-10, New Delhi-110085



## 5. Disclosure

- This policy shall be disclosed on the Company's website and a web link shall be provided in the Annual Report of the Company.
- The names of material subsidiaries shall also be disclosed annually in the Corporate Governance Report.

## 6. Amendments

- The Board of Directors may review and amend this policy as required to comply with changes in applicable laws or to strengthen governance standards.

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