



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

According to Regulation 16 (1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") read with any amendments, TruAlt Bioenergy Limited ("**Company**") has adopted the policy for identifying the Company's substantial subsidiaries. The LODR, which are mutatis mutandis applicable to the Company in accordance with the SEBI (Depositories and Participants) Regulations, 2018 and their subsequent amendments, have influenced the preparation and adoption of this Policy for Determining Material Subsidiaries ("**Policy**") of the Company.

2. OBJECTIVE

The purpose of this Policy is to determine

- the definition of a Material Subsidiary,
- the requirement of an Independent Director in certain unlisted material subsidiaries incorporated in India,
- restrictions on the Company's disposal of Material Subsidiary shares,
- restrictions on the transfer of Material Subsidiary assets, and
- disclosure requirements under the Listing Regulations and any other laws and regulations that may apply to the company.

3. IDENTIFICATION OF MATERIAL SUBSIDIARY

A subsidiary is deemed a major subsidiary if its income or net worth exceeds 10% of the consolidated income or net worth of the Company and its subsidiaries in the previous accounting year. On a yearly basis, the Audit Committee will analyze such data and information as may be required to determine the 'Material Subsidiaries'.

The Company's Material Subsidiaries, if any, would be identified as a one-time exercise, with the results presented to the Audit Committee and the Board of Directors each fiscal year. The identification should take place immediately after the annual accounts are prepared, and the results should be presented to the Audit Committee or Board, as applicable, during the meeting when the Company's annual audited accounts are discussed.

4. GOVERNANCE FRAMEWORK

As required by the Listing Regulations, the following restrictions will apply in respect of subsidiaries of the Company:

- At least one Independent Director of the Company must serve on the Board of the unlisted material subsidiary, whether incorporated in India or not.
For the purposes of compliance with the foregoing, notwithstanding anything to the contrary contained in Clause 3 above, a 'material subsidiary' is defined as a subsidiary whose income or net worth exceeds 20% of the Company's and its subsidiaries' consolidated income or net worth in the immediately preceding accounting year.
- The Audit Committee will analyze the financial statements, including the investments made by the unlisted Material Subsidiary.
- The minutes of the unlisted Material Subsidiary's board of directors' meetings will be presented at the Board meeting.
- The unlisted subsidiary's management must submit a statement of all key transactions and agreements to the Company's Board of Directors on a regular basis.
A transaction or arrangement is considered significant if it exceeds or is anticipated to surpass 10% of the unlisted subsidiary's total revenues or expenses, or total assets or liabilities, as applicable, for the immediately preceding accounting year.
- Except in situations where the divestment is carried out under a resolution plan approved by section 31 of the Insolvency Code or under a scheme of arrangement duly approved by a court or tribunal, and the event is reported to the recognized stock exchanges within one day of the resolution plan being approved, the Company shall not sell shares in its material

subsidiary in a way that would reduce its shareholding (either alone or in conjunction with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting.

- Selling, disposing, or leasing assets that total more than 20% of the material subsidiary's assets overall during a fiscal year requires the prior consent of the company's shareholders through a special resolution, unless the sale, disposal, or leasing is carried out in accordance with a resolution plan authorized by section 31 of the Insolvency Code or a scheme of arrangement duly approved by a court or tribunal, and the recognized stock exchanges are notified of the event within a day of the resolution plan's approval.
- All significant unlisted subsidiaries that are incorporated in India are required to conduct secretarial audits, and the results of these audits are appended to the company's annual report.
- According to Regulation 30(9) of LODR, the company must report any events or information pertaining to its subsidiaries that are significant to the company.

5. DISCLOSURE REQUIREMENTS

- In accordance with Regulation 62 of SEBI (LODR), 2015, this policy will be made public on the company's website, and the Annual Report will include a link to it.
- The Company and its significant unlisted subsidiaries incorporated in India are required to conduct secretarial audits in accordance with Regulation 24A of SEBI (LODR), 2015, and to annex a secretarial audit report provided by a company secretary in practice, in the format specified, with the listed entity's annual report.

6. LIMITATION AND AMENDMENT

The terms of the LODR/Companies Act, 2013 or any other statutory enactments, rules, and regulations shall supersede this Policy in the case of a dispute between its provisions and those of the LODR/Companies Act, 2013 or any other statutory enactments, rules, and regulations. This Policy will automatically be affected by any future changes made to the Companies Act, LODR, or other relevant laws.

7. REVIEW OF THE POLICY

Subject to applicable legislation, the Board may change, suspend, or repeal this Policy at any time. The Board will address any issues or misunderstandings in the Policy in accordance with its broad intent. The Board may also, from time to time, create additional rules and procedures to carry out the intent of this Policy. In the event of a dispute between the provisions of this Policy and the applicable legislation, the applicable law in force at the time will take precedence over this Policy.