



KIRLOSKAR ELECTRIC COMPANY LIMITED

MATERIAL SUBSIDIARY POLICY

1. Introduction:

The Board of directors (the “Board”) of Kirloskar Electric Company Limited (the “company”) has adopted the following policy and procedures with regard to determination of Material Subsidiary and set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide a governance framework for such Material Subsidiaries.

2. Definitions:

All terms defined herein shall have the same meaning as defined in the Companies Act, 2013, and SEBI LODR Regulations or any other applicable laws or regulations.

3. Material Subsidiary:

A Subsidiary of the Company shall be considered as a ‘Material Subsidiary’, if the income or net worth of the Subsidiary exceeds 10% of consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4. Independent director on the Board of material non-listed Indian subsidiary companies:

At least one independent director on the Board of directors of the company shall be a director on the Board of directors of unlisted material subsidiary companies, whether incorporated in India or not.

Explanation: For the purpose of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

5. Review by Audit Committee/Board of directors of the company:

1. The Audit Committee of the company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
2. The minutes of the Board meetings of the Unlisted Subsidiary companies shall be placed at the Board Meeting of the Company.
3. The management of the Unlisted Subsidiary shall quarterly bring to the notice of the Board of the Company, a statement of all Significant Transaction(s) and Arrangement entered into by the Unlisted Subsidiary/ies wherein individual transaction or arrangement 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.

The Board of directors of the company shall be consulted in respect of the appointments, remuneration and severance of & senior managerial personnel and review of the business plans and contracts by the unlisted subsidiary company.

6. Restriction on disposal of shares and assets of material subsidiary by the company

The company, without passing a special resolution in its general meeting, shall not:

- a. dispose shares in material subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or ceases the exercise of control over the subsidiary, except in cases where divestment is under a scheme of arrangement duly approved by a court/ tribunal or
- b. Sell, dispose and lease of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/dispose/lease is made under a scheme of arrangement duly approved by a court/tribunal or.

7. Secretarial Audit

Every listed entity 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 company secretary in practice, in such form as may be specified.

8. Amendments:

This policy may be amended by the Board at any time and is subject to the provisions of the Companies Act, 2013 and Regulation 16(c) of the SEBI (Listing Obligation & Disclosure Requirements) regulations, 2015.

9. Disclosures:

The policy for determining the material subsidiaries shall be disclosed on the company's website www.kirloskarelectric.com and a link thereto shall be provided in the Annual Report.

10. Scope and Limitations:

In the event of any conflict between the provisions of this Policy and of the Act or Regulations or any other statutory enactments, rules, the provisions of such Act or Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
