

MATERIAL SUBSIDIARY POLICY



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PREAMBLE:

Securities Exchange Board of India (SEBI) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 effective 1st Dec 2015. Regulation 16 (1) of the SEBI (LODR) Reg 2015 (the Listing Regulations) requires all listed companies to formulate a policy for determining 'material subsidiaries.

The Board of Directors (the "Board") of India Nippon Electricals Limited, (the "Company" or "INEL"), has, therefore, adopted the following Policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy.

1. **Objective:** This Policy is framed, in accordance with the requirement of Listing Regulations (including any statutory enactments/ amendments thereof) intended to ensure governance of material subsidiary companies.

2. **Definitions:**

"Consolidated turnover or Net worth" means the total turnover or net worth of the Company and its subsidiaries.

"Material unlisted Indian subsidiary" means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

"Significant transactions and arrangements" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the material subsidiary for the immediately preceding accounting year.

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the Companies Act 2013, SEBI (LODR) Reg. 2015, and / or any other applicable rule, regulations as the context may require.



India Nippon Electricals Ltd

3. Criteria for determining the Material subsidiaries:

- 3.1 A subsidiary shall be a Material Subsidiary for the financial year, if the turnover or net worth of such subsidiary exceeds twenty percent of the consolidated turnover or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.
- 3.2 Net worth or consolidated turnover, as the case may be, shall be as per the audited balance sheet of the previous financial year.
- 3.3 The Audit Committee to annually review the list of subsidiaries together with the details of the materiality defined herein, at least once a year.

4. Governance of Material subsidiaries:

- 4.1 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, whether incorporated in India or not.
- 4.2 The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the subsidiary company.
- 4.3 The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.
- 4.4 The management of the unlisted subsidiary shall periodically bring to the notice of the Board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- 4.5 The Company, without the prior approval of the members by Special Resolution, shall not:
 - a. dispose the shares held in material subsidiaries which would reduce the Company's 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 or lease of the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

5. Amendments:

This Policy shall be subject to review as may be deemed necessary or in accordance with any regulatory amendments, which affects the said policy.

6. Disclosures:

As prescribed under the Listing Regulations, the Company shall disclose the Policy on the Company's website and a web link thereto shall be provided in the Annual Report.

Policy amended and approved on: 13th February 2025