

Elpro International Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Recommended by: Audit Committee at its Meeting held on May 29, 2023

Approved by: Board of Directors at its Meeting held on May 29, 2023

Regd. Office: Elpro International Limited, 'Nirmal', 17th Floor,
Nariman Point, Mumbai 400021

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Purpose and Scope:

The Policy for determining Material Subsidiaries has been framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The Policy will be used to determine the Material Subsidiaries, if any, of the Company and to provide the governance framework for such subsidiaries.

All the words and expression used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made / issued there under, as amended from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time.

2. Definitions:

- (a) "Act" shall mean the Companies Act, 2013 and Rules prescribed thereunder including any statutory amendment or modification thereof.
- (b) "Audit Committee" shall mean the Audit Committee of the Board constituted by the Board of Directors of the Company, from time to time.
- (c) "Board" shall mean the Board of Directors of Elpro International Limited.
- (d) "Company" shall mean "Elpro International Limited or EIL".
- (e) "Independent Director" shall mean 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 SEBI Listing Regulations.
- (f) "Income" shall mean total income (including other income) as per the latest audited financial statements of the Company.
- (g) "Networth" shall mean the net worth as defined under Section 2(57) of the Companies Act, 2013.
- (h) "Subsidiary Company or Subsidiary" shall mean a subsidiary company as defined under Section 2(87) of the Companies Act, 2013
- (i) "Significant Transaction or Arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

3. Identification of "Material Subsidiary":

A subsidiary shall be considered material if, its income or net worth exceeds 10 percent (10%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4. Governance Framework:

- (a) The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- (b) The Minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of Directors of the Company.
- (c) 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 Transaction or Arrangement entered into by the unlisted subsidiary Company.
- (d) At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

For the purpose of this provision, notwithstanding anything contrary contained in clause 3 above, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20 percent (20%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

- (e) The Company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than 50 percent (50%) or the Company ceases the exercise of control over such subsidiary.

Such approval shall not be required if the disinvestment is:

- 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.

- (f) The Company shall obtain prior approval of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20 percent (20%) of the assets of the material subsidiary on an aggregate basis during a financial year.

Such approval shall not be required, if such sale, disposal, lease of assets is:

- 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.

(g) Each material unlisted subsidiary incorporated in India shall undertake Secretarial Audit and the Secretarial Audit Report shall be annexed with the Annual Report of the Company.

5. Review of the Policy:

The Policy shall be subject to review as may be deemed necessary by the Board of Directors of the Company or in case of any regulatory amendments.

6. Website Disclosure:

The Policy shall be disclosed on the website of the Company.
