

POLYCAB INDIA LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES



1. TITLE

- 1.1 This policy shall be called the ‘Policy for determining Material Subsidiaries’ (“**Policy**”).

2. INTRODUCTION

- 2.1 The Board of Directors (“**Board**”) of Polycab India Limited (“**Company**”) has adopted the following policy and procedures with regard to determination of “Material Subsidiaries” in order to comply with the requirements of Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”).

3. DEFINITIONS

- 3.1 “**Audit Committee**” Audit Committee means the committee formed under Section 177 of the Companies Act by the Board of the Company, from time to time.
- 3.2 “**Companies Act**” means the Companies Act, 2013 read with the rules thereunder, as amended.
- 3.3 “**Independent Director**” means an independent director referred to in Section 149(5) of the Companies Act, 2013.
- 3.4 “**Material Subsidiary**” means a Subsidiary which shall be considered as Material Subsidiary if it fulfils the conditions for being classified as Material Subsidiary as mentioned in this Policy.
- 3.5 “**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 unlisted Subsidiary for the immediately preceding financial year.
- 3.6 “**Subsidiary**” means a subsidiary as defined under the Companies Act and rules made thereunder.

4. POLICY

- 4.1 A subsidiary shall be considered as Material Subsidiary, if any of the following conditions are satisfied:
- (a) net-worth exceeds 10% of the Company’s consolidated net-worth in the immediately preceding accounting year; or
 - (b) income exceeds 10% of the Company’s consolidated income in the immediately preceding accounting year.
- 4.2 Material Non Listed Indian Subsidiary shall mean a subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

A list of such material subsidiaries and material Non Listed Indian Subsidiaries if any, shall be presented to the Audit Committee annually for its noting

5. REQUIREMENT REGARDING MATERIAL SUBSIDIARY:

The Company, without passing a special resolution in its General Meeting, shall not:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or —
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

6. ADDITIONAL REQUIREMENT FOR UNLISTED MATERIAL SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a Director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this requirement, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

7. REQUIREMENT REGARDING UNLISTED SUBSIDIARY COMPANY

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board Meetings of the unlisted subsidiary company shall be placed at the Board Meeting of the Company.
- The Management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

8. AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

9. IMPLEMENTATION

The policy shall be implemented as per the provisions of SEBI (LODR) as may be amended from time to time.