

Elgi Rubber Company Limited
Super A Unit, Coimbatore Private
Industrial Estate, Kuruchi,
Coimbatore-641 021
CIN:L25119TZ2006PLC013144

Material Subsidiaries Policy

Preamble

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

Definitions

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013.

"Board of Directors" or "Board" means the Board of Directors of Elgi Rubber Company Limited (the Company), as constituted from time to time.

"Company" means Elgi Rubber Company Limited (the Company).

"Independent Director" means 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 the criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

"Policy" means this Policy on determining Material Subsidiaries.

"Material Subsidiary" means a subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"Unlisted Material Subsidiary" shall mean a subsidiary, which is incorporated in India or not and whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"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 accounting year.

"Subsidiary" means a subsidiary of the Company, which term shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

Policy

- i. At least one **Independent Director** on the Board of Directors of the Company shall be a director on the Board of Directors of the Unlisted Material Subsidiary.
- ii. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on a quarterly basis.

- iii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board meeting of the Company.
- iv. The management of the Company shall on a half yearly basis 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.
- v. The management of the Company shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein.

Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- i. dispose shares in a Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% or ceases the exercise of control over the Subsidiary except in cases where such divestment is made 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; or
- ii. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on aggregate basis during a financial year unless the sale/disposal/lease is made 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.

Amendment to the Policy

The Board on its own and/or as per the recommendations of the Audit Committee can amend this policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc., shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Disclosures

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company.

(Amended Policy made effective from 7th February, 2019)