

POLICY ON MATERIAL SUBSIDIARIES

1. OBJECTIVE

1.1. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries, if any, Marine Electricals (I) Limited (“Marine ” or “the Company”).

2. DEFINITIONS

2.1. Material Subsidiary:

As per LODR “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.

2.2. Significant transactions or arrangements:

Significant transactions or arrangements 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. GOVERNANCE FRAMEWORK

3.1. All Subsidiaries:

a) Minutes of the Board meetings of Subsidiary Companies, if any, shall be placed before the Board of Directors of Marine on quarterly basis;

b) a statement of all significant transactions and arrangements entered into by the Subsidiary Companies during the quarter shall be brought to the attention of the Board of Directors of Marine on quarterly basis;

c) the Audit Committee of Marine shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company on an annual basis;

d) any transaction between Marine and its Subsidiary Company shall be entered into in accordance with Related Party Transaction Policy of the Company.

3.2. Material Subsidiaries:

a) the list of Material Subsidiaries shall be placed before the Audit Committee of Marine on an annual basis;

b) at least one Independent Director on the Board of Marine shall be appointed as a Director on the Board of material unlisted Indian Subsidiary Company;

c) any proposal for disposal of shares in Material Subsidiary, such that the shareholding in the Company may reduce to less than fifty percent or Marine would cease to exercise control over the entity, shall be subject to prior approval of shareholders of Marine ;

- d) any proposal for selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary shall be subject to prior approval of shareholders by way of special resolution;

4. RESPONSIBILITY:

1. The Company Secretary shall be responsible for ensuring the compliance of this Policy.
2. A list of Material Subsidiary shall be maintained by the Company Secretary and the same shall be placed before the Audit Committee on an annual basis.
3. The Audit Committee shall review the list of Material Subsidiary and make suitable recommendations, including recommendation for appointment of Independent Director on the Board of 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.