

Policy on Material Subsidiaries

Version 1.2

Adopted by the Board of Directors of

Rane Holdings Limited

CIN L35999TN1936PLC002202

Rane (Madras) Limited

CIN L65993TN2004PLC052856

*(Collectively known as "Rane Group of Companies" and
Individually referred to as "the Company")*

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1. Preface

The board of directors (the “board”) has adopted this policy on Material Subsidiaries based on the recommendation of the Audit Committee. Further, the Audit Committee will review the policy from time to time and propose the amendment required, if any, to the board of directors.

2. Scope

The policy is framed based on the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“regulations”), as amended from time to time to determine the corporate governance framework for the Company with respect to Material Subsidiaries.

3. Definitions

- a) **“Policy”** means Policy on Material Subsidiary.
- b) **“Material Subsidiary”** shall mean subsidiary company whose income or net worth exceeds ten¹ percent of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- c) **“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 unlisted² subsidiary for the immediately preceding accounting year.
- d) **“Subsidiary”** means a subsidiary company as defined under the Companies Act, 2013.

Any other words or expression in this policy shall bear the meaning as per the definitions under the Companies Act, 2013 including rules (“the Act”) made thereunder or the regulations made by Securities and Exchange Board of India.

4. Subsidiary Companies

- a) 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, whether incorporated in India or not.³

¹ Substituted for the words “twenty” pursuant to SEBI (LODR) Amendment Regulations 2018 effective April 1, 2019 vide version 1.2

² The word “material” omitted pursuant to SEBI (LODR) Amendment Regulations 2018 effective April 1, 2019 vide version 1.2

³ The words “incorporated in India” substituted for “whether incorporated in India or not” pursuant to SEBI (LODR) Amendment Regulations 2018 effective April 1, 2019 vide version 1.2

- b) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- c) The minutes of the meetings of the board of directors of the unlisted subsidiary companies shall be placed at the meeting of the board of directors of the listed holding company.
- d) The management of unlisted subsidiary shall periodically ⁴ 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 company.

5. Disposal of material subsidiary

- a) The Company shall not dispose the shares in its material subsidiary, if it would reduce the company's shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in a general meeting.
- b) The Company shall not sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders of the Company by way of special resolution,

Provided that prior special resolution of members under 5(a) or (b) above is not required, if the divestment or sale or disposal or lease of assets is made under a scheme of arrangement duly approved by a Court/Tribunal (or under a resolution plan duly approved under Sec 31 of the Insolvency Code and such an event is disclosed to the recognised Stock Exchange within 1 day of the resolution plan being approved)⁵

6. Disclosures

This Policy is applicable to the Company with effect from December 1, 2015 as amended from time to time and the same shall be disseminated in the manner prescribed under the regulations.

Amendments

Version 1.1 : Pursuant to amendments approved by the Board of Directors vide resolutions passed in May 2016.

Version 1.2 : Pursuant to amendments approved by the Board of Directors vide resolutions passed on January – February, 2019.

⁴ Substituted for the words "Half Yearly" pursuant to SEBI (LODR) Amendment Regulations 2018 effective April 1, 2019 vide version 1.2

⁵ Inserted pursuant to SEBI (LODR) (Third Amendment) Regulations 2018 effective May 31, 2018 vide version 1