

YUKEN INDIA LIMITED

POLICY ON MATERIAL SUBSIDIARY COMPANIES:

1. **OBJECTIVE:**

The objective of the Policy is to determine the Material Subsidiaries of Yuken India Limited and to provide the governance framework for such subsidiaries. This Policy is framed in compliance with Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and intended to ensure that Board of Directors has overall supervision of functioning of Subsidiaries of the Company and regulate the investments of the Company in subsidiaries.

2. **DEFINITIONS:**

“Audit Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations.

“Board of Directors” or **“Board”** means the Board of Directors of Yuken India Limited, as constituted from time to time.

“Company” means a Company incorporated under the Companies Act, 2013 or any other previous company law.

“Control” means control as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Independent Director” means a director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations.

“Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

***“Material Subsidiary”** shall mean a Subsidiary, whose income or net worth exceeds 10% (Ten percent) of the consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.”

“Policy” means Policy on Material Subsidiary Companies.

***“Significant Transaction or Arrangement”** means 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” shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013.

3. POLICY & PROCEDURES:

- i. *At least one Independent Director of the Company shall be a director on the Board of unlisted material subsidiary, incorporated in India or outside India.
For this provision, 'material subsidiary' shall mean a subsidiary, whose income or net worth exceeds 20% (Twenty Percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- ii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary.
- iii. The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed before the Board of the Company.
- iv. 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.
- v. The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.
- vi. The Company, without the prior approval of the members by special resolution or a resolution with majority as may be prescribed Regulation 24 of Listing Regulations, shall not:
 - a) Dispose of shares in the Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
 - b) Ceases the exercise of control over the Material Subsidiary; or
 - c) Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during an accounting year; except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court / Tribunal.

4. *SECRETARIAL AUDIT:

A material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice with effect from the year ended March 31, 2019.

5. AMENDMENTS TO THE POLICY:

The Members of the Audit Committee and Board of Directors can amend this Policy, as and when deemed fit. Any or all the provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc., on the subject as may be issued by relevant Statutory Authorities, from time to time.

The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

6. DISCLOSURES:

This Policy for determining Material Subsidiaries shall be disclosed on the website of the Company (www.yukenindia.com) and a web link thereto shall be provided in the Annual Report of the Company.

**Amended provisions as per the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.*