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# Policy on Material Subsidiaries

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EXIDE INDUSTRIES LIMITED  
'Exide House', 59E, Chowringhee Road, Kolkata – 700 020  
CIN: L31402WB1947PLC014919

## **Purpose**

The purpose of this Policy is determination of Material Subsidiaries of Exide Industries Limited (“the Company”) and disclosure thereof, as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred as SEBI (LODR) Regulations], as amended from time to time.

## **Definitions**

“**Control**” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

“**Independent Director**” means a director of the Company, not being a whole- time director or managing director or nominee director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and SEBI (LODR) Regulations.

“**Material Subsidiary**” a subsidiary shall be a material subsidiary if any of the following conditions are satisfied:

- a. if the networth (i.e., paid-up capital and free reserves) of the subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year; or
- b. if the income of the subsidiary exceeds 10% of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year.

“**Material Non Listed Indian Subsidiary**” is an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up share capital and free reserves) exceeds ten percent (10%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“**Significant Transaction or Arrangement**” is any transaction or arrangement that exceeds or is likely to exceed ten percent (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 as defined under the Companies Act, 2013 and the Rules made there under.

#### **Independent Director on the Board of a Material Non-Listed Subsidiary**

At least one Independent Director on the Board of the Company shall be a director on the Board of a Material Non Listed Subsidiary. However, for this purpose, the term “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.

#### **Review of the financial statements by the Audit Committee of Directors**

The Audit Committee of Directors of the listed holding company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

#### **Significant Transactions/Arrangements of a Non Listed Subsidiary**

The management should periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by any Non listed Subsidiary Company.

#### **Restrictions on Disposal of Shares of a Material Subsidiary**

The Company shall not dispose of Shares in its Material Subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%) or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting, except in such cases where divestment is under a scheme of arrangement, duly approved by a Court / Tribunal.

### **Restriction on Transfer of Assets of a Material Subsidiary**

Selling, disposing and leasing of Assets, amounting to more than twenty percent (20%) of the Assets of a Material Subsidiary on an aggregate basis during a financial year, shall require approval of shareholders of the Company by way of a Special Resolution, unless the sale/ disposal/lease is made under a scheme of arrangement, duly approved by a Court/Tribunal.

### **Disclosures**

As prescribed under, SEBI (LODR) Regulations, this Policy shall be disclosed in the Company's website and a web-link thereto shall be provided in the Annual Report.

### **Secretarial Audit**

The Company and its 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, in such form as may be specified w.e.f. the year ended March 31, 2019.

### **Review of the Policy**

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

This policy was initially approved by the Board of Directors at its meeting held on 24th February, 2015 and subsequently amended on following dates:

- i. 1st amendment – 04.02.2019 (Ver.2)