



POLICY ON MATERIAL SUBSIDIARIES

1. OBJECTIVE:

The objective of the policy is to determine the Material Subsidiaries of Kinetic Engineering Limited and to provide the governance framework for such 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 or the previous Company Law and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

"Board of Directors" or **"Board"** means the Board of Directors of Kinetic Engineering Limited, as constituted from time to time.

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

"Independent Director" means a director of the Company who satisfies the criteria for Independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Regulations.

"KEL" means Kinetic Engineering Limited.

"Policy" means Policy on Material Subsidiary

"Material Non-listed Indian Subsidiary" means a Material Subsidiary which is incorporated in India and which is not listed on any of the Indian Stock Exchanges.

"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 material unlisted subsidiary for the immediately preceding accounting year.

"Subsidiary" shall mean a subsidiary as defined under the Companies Act, 2013.

3. POLICY:

- I. A subsidiary shall be a Material Subsidiary, if the income or net worth of the subsidiary exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- II. The Audit Committee of the Board of KEL shall review the annual financial statements, in particular, the investments made by the unlisted Subsidiary(ies)
- III. The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary(ies) shall be placed before the Board of KEL.
- IV. The management shall periodically bring to the attention the Board of Directors of KEL, a statement of all Significant Transactions and Arrangements entered into by the unlisted Subsidiary(ies).
- V. KEL, without the prior approval of the members by special resolution or a resolution with majority as may be prescribed under Listing Regulations shall not:



- (a) Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- (b) Cease 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 a financial 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. DISCLOSURE:

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

5. MISCELLANEOUS:

The Board of Directors of KEL has adopted the Policy and procedure with regard to determining Material Subsidiaries as required under Listing Regulations.

The Board of Directors of KEL may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the board intent of the Policy. 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.