



MODERN INSULATORS LIMITED

POLICY FOR DETERMINING MATERIAL
SUBSIDIARY COMPANIES

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1. Purpose

- a. The Board of Directors (the “**Board**”) of Modern Insulators Limited (the “**Company**”) has adopted this policy for determining material subsidiary(ies) of the Company in accordance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) or such other rules/regulations, as may be notified by Securities and Exchange Board of India from time to time.
- b. This policy shall be effective from 1st January, 2017.

2. Definitions

“**Act**” shall mean the Companies Act, 2013 and rules, notifications, circulars framed/issued thereunder, as amended, from time to time.

“**Control**” shall be as defined under the Act and the rules made thereunder. “Independent Director” shall mean a director who satisfies the criteria of independence as prescribed under the Act, the rules made thereunder and the Listing Regulations.

“**Material Subsidiary**” shall mean a Subsidiary of the Company whose income or net worth exceeds twenty per cent of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“**Significant transaction or arrangement**” shall mean any individual 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 Material Subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall be as defined under the Act and the rules made thereunder.

3. Policy

- a. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary of the Company.
- b. The minutes of the meeting of board of directors of the unlisted Subsidiary of the Company shall be placed at the meeting of Board of the Company, at regular intervals.
- c. The management of the unlisted Subsidiary of the Company shall periodically bring to the notice of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary.

- d. The Company shall not dispose of shares in its Material Subsidiary which would reduce Company's shareholding (either on its own or together with other Subsidiaries of the Company) to less than fifty percent (50%) or cease the exercise of Control over the Subsidiary without passing a special resolution in Company's general meeting except in case where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal.
- e. Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
- f. At-least one Independent Director of the Company shall be a director on the board of directors of unlisted Material Subsidiary, incorporated in India.

4. Disclosures

The Policy shall be uploaded on the website of the Company i.e. www.moderninsulators.com and a web link thereto shall be provided in the Annual Report of the Company.

5. Interpretation

All the words and expressions used in this Policy, unless defined herein, shall have meaning assigned to them under the Act, Listing Regulations, statutory enactments and rules, notifications, circulars issued thereunder, as amended, from time to time (collectively the "**Statutory Provisions**").

In case of any conflict between the provisions of this Policy and of Statutory Provisions the Statutory Provisions shall prevail over this Policy. Any subsequent amendment/ modification in the Statutory Provisions shall automatically apply to this Policy.

In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

6. Review

This policy shall be reviewed periodically and may be amended by the Managing Director of the Company, as may be deemed necessary.
