

# **Eastman Auto & Power Limited**

## **Policy on Material Subsidiary**

(Approved by the Board at its meeting held on September 22, 2025)

## 1. PURPOSE

The Board of Directors of **EASTMAN AUTO & POWER LIMITED** ("**Company**"), in pursuance of Regulation 16(1) (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") as an when become applicable to the Company and other applicable provisions (including any statutory enactments / amendments thereof), have adopted the policy for determining material subsidiaries ("**Policy**") and is intended to ensure governance of material subsidiaries Companies vide its Board meeting held on September 22, 2025.

The primary objective of this policy is to determine material subsidiaries of the Company.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 ("**Act**") and the Rules, Notifications and Circulars made / issued thereunder, as amended, from time to time.

## 2. DEFINITIONS

- a) "**Act**" means Companies Act, 2013, as amended, and includes rules made thereunder.
- b) "**Audit Committee**" means Audit Committee constituted by the Board of Directors of Company, from time to time, under the Act, and SEBI Listing Regulations;
- c) "**Board**" means the board of directors of Company, as constituted from time to time;
- d) "**Holding company**", in relation to one or more other companies, means a company of which such companies are subsidiary companies;
- e) "**Independent Director**" means an Independent Director referred to in Section 149(6) of the Act, or Regulation 16(b) of the SEBI Listing Regulations;
- f) "**Material Subsidiary**" means a subsidiary of the Company whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year;
- g) "**Policy**" means the policy for determining Material Subsidiaries;
- h) "**SEBI Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the circulars issued thereunder and amendments thereto;
- i) "**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 unlisted subsidiary for the immediately preceding accounting year;
- j) "**Subsidiary**" means subsidiary company as defined under Section 2(87) of the Act.

## 3. SCOPE & APPLICABILITY

- a) The Subsidiary shall be considered as "Material" as per the criteria as defined above in 2(f).

- b) In case if a listed holding company has a listed subsidiary, the policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

#### 4. GOVERNANCE OF SUBSIDIARIES

- a) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this point, notwithstanding anything to the contrary contained in the definition of material subsidiary defined above in 2(f), 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.

- b) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- c) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
- d) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation - For the purposes of this point “Significant Transaction or Arrangement” shall bear the same meaning as defined above in 2(h)

- e) The Company shall obtain prior approval of shareholders by special resolution in its general meeting, if the disposal of shares in its material subsidiary results in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or cease the exercise of control over the subsidiary:

Such approval shall not be required if the divestment is:

- under a scheme of arrangement duly approved by a Court/Tribunal, or
- under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- f) The Company shall obtain prior approval of shareholders by way of special resolution, if any selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year;

Such approval shall not be required if the sale/disposal/lease is:

- made under a scheme of arrangement duly approved by a Court/Tribunal, or
- under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- g) Where our Company have a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

- h) Every Material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

## **5. DISCLOSURE**

The Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

## **6. POLICY AMENDMENT**

The Board may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law in force from time to time shall prevail over this Policy. Any subsequent amendment/modification in the applicable laws in this regard shall automatically apply to this Policy. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad 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.

## **7. EFFECTIVE DATE**

The Policy shall be effective from the date of listing of the equity shares of the Company on the stock exchange(s).

## **8. LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Regulations / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of the SEBI Listing Regulations / the Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## **9. PENALTY FOR NON-ADHERENCE OF THE CLAUSES OF THE POLICY**

Non – Adherence to any of the Clause as mentioned in this Policy will attract penalty of one lakh rupees which may extend to one crore rupees as prescribed under Section 15 HB of Securities and Exchange Board of India Act, 1992.

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