

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARY

1. OBJECTIVE

This Policy for Determination of Material Subsidiary ("Policy") has been formulated in accordance with **Regulation 16(1)(c)** of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), to identify material subsidiaries of the Company and to ensure appropriate governance and compliance.

Accordingly, the Board has adopted the Policy at its meeting held on January 10, 2026 which can be further amended from time to time to align with amendments in the SEBI LODR Regulations or other applicable laws.

2. APPLICABILITY

This Policy shall apply to **Kanohar Electricals Limited** ("the Company") and all its subsidiaries, including step-down subsidiaries, whether incorporated in India or outside India.

3. DEFINITIONS

3.1 "Subsidiary"

Shall have the meaning assigned to it under the Companies Act, 2013 and the SEBI LODR Regulations.

3.2 "Material Subsidiary"

In accordance with **Regulation 16(1)(c) of SEBI LODR Regulations**, a "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds 10 percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

4. IDENTIFICATION OF MATERIAL SUBSIDIARIES

1. The determination of material subsidiaries shall be made annually, based on audited consolidated financial statements of the immediately preceding financial year.
2. The Audit Committee and/or Board of Directors may also review materiality during the year if there is a significant change in the financial position of any subsidiary.

5. GOVERNANCE REQUIREMENTS FOR MATERIAL SUBSIDIARIES

In line with **Regulation 24 of the SEBI LODR Regulations**:

1. At least **one independent director** on the Board of the Company shall be a director on the Board of an **unlisted Indian material subsidiary**, whether incorporated in India or not.

2. The Audit Committee of the Company shall review the financial statements, in particular investments made by the unlisted subsidiary.
3. The minutes of the Board meetings of an unlisted subsidiary shall be placed before the Board of Directors of the Company.
4. The management shall periodically inform the Board of the Company of any significant transactions and arrangements entered into by material subsidiaries.

6. DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY

The Company shall not dispose of shares in a material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) below **50%** or cessation of control, without obtaining prior approval of the shareholders of the Company by way of a special resolution, except in cases permitted under the SEBI LODR Regulations.

7. DISCLOSURE

This Policy shall be disclosed on the Company's website and a web link shall be provided in the Annual Report, as required under applicable laws.