

# **STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED**

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **1. INTRODUCTION**

The Board of Directors of Stanrose Mafatlal Investments and Finance Limited (the “Company”), has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

### **2. OBJECTIVE AND APPLICABILITY OF THE POLICY**

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) including any amendments thereof.

The Policy shall come into effect from April 1, 2019

### **3. DEFINITIONS**

- a. “Act” means Companies Act 2013
- b. “Board” means the Board of Directors of Stanrose Mafatlal Investments & Finance Limited.
- c. “Company” means Stanrose Mafatlal Investment & Finance Limited.
- d. “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds 10% percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- e. “Policy” means this Policy, as amended from time to time.
- f. “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 unlisted subsidiary for the immediately preceding accounting year.
- g. “Subsidiary” means subsidiary of the company as defined under the Act.

#### **4. REQUIREMENT REGARDING MATERIAL SUBSIDIARY**

1. The Company, without passing a special resolution in its General Meeting, shall not:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- cease the exercise of control over the subsidiary or
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

unless in cases where the divestment / sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal / under a resolution plan under Insolvency and Bankruptcy Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

2. At least one Independent Director on the Board of the Company shall be a Director on the Board of the material un-listed Indian subsidiary company, whether incorporated in India or not.

For the purposes of the sub-point 2, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

3. The audit committee of the Company shall also review the financial statements and in particular, the investments made by the unlisted subsidiary
4. 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 Company.
5. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

#### **5. SECRETARIAL AUDIT**

The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with their annual report, a secretarial audit report, given by a company secretary in practice, in specified format.

**6. SCOPE AND LIMITATION**

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

**7. AMENDMENTS**

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

**8. DISSEMINATION OF POLICY**

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

---

Sd/-  
(PRADEEP R. MAFATLAL)  
CHAIRMAN