

**STANROSE MAFATLAL  
INVESTMENTS AND FINANCE LIMITED**

**POLICY ON 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. PURPOSE**

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 (“ the Regulations”).

**3. DEFINITIONS**

- a) “Board” means the Board of Directors of Stanrose Mafatlal Investments and Finance Limited.
- b) “Company” means Stanrose Mafatlal Investments and Finance Limited.
- c) “Policy” means Policy on Material Subsidiaries, as amended from time to time.
- d) “Subsidiary” shall mean a subsidiary as defined under the Companies Act, 2013 (the Act) and Rules made thereunder.
- e) “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 material Subsidiary for the immediately preceding accounting year.

Any other term not defined shall have the same meaning as defined in Companies Act, 2013, the Listing Regulations or any other applicable law or regulation.

#### **4. POLICY**

##### **CRITERIA**

A subsidiary shall be considered as Material if-

- (i) The Income of the Subsidiary Company exceeds 20% of the Company's consolidated Income in the immediately preceding accounting year.
- (ii) The Net Worth of the Subsidiary Company exceeds 20% of the Company's consolidated Net Worth in the immediately preceding accounting year.

##### **I REQUIREMENT REGARDING ALL UNLISTED SUBSIDIARY COMPANIES (USC)**

The Audit Committee of the Board of the Company shall review the Financial Statements, in particular the investments made by USC

The Minutes of the Board Meetings of the USC shall be placed before the Board of the Company

The Management of the Company should periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangement entered into by USC.

## **II ADDITIONAL REQUIREMENTS REGARDING MATERIAL SUBSIDIARY**

[A] At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.

[B] 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
- dispose shares in the material subsidiary which would 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,

Except in cases where the divestment / sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal.

### **5. SCOPE AND LIMITATION**

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

### **6. AMENDMENTS**

The Board may, subject to applicable laws review and 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.

**7. 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.

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Approved by the Board of Directors at its Meeting held on March 12, 2015 and subsequent amendment approved at its Meeting held on February 12, 2016.

(PRADEEP R. MAFATLAL)  
CHAIRMAN