



India Finsec Limited
(L65923DL1994PLC060827)

Policy for determining Material Subsidiary

INDIA FINSEC LIMITED

D-16, First Floor, above ICICI Bank, Prashant Vihar, Sector - 14,
Rohini, New Delhi - 110085

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Preamble

The Securities and Exchange Board of India (SEBI) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) on 02nd September, 2015. As per the Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company requires to frame a **“Policy for determining Material Subsidiary”**. IFL Housing Finance Limited is material subsidiary of **India Finsec Limited** (“the Company”). The Board may review and amend this policy from time to time.

Title

This policy shall be called as **“Policy for determining Material Subsidiary”**

Objective

To determine the material subsidiaries of India Finsec Limited and to provide the governance framework for such subsidiaries.

Definitions

- ◇ **“Audit Committee”** means Audit Committee constituted by the Board of Directors of the company from time to time under provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ◇ **“Board of Directors”** or **“Board”** means the board of directors of **India Finsec Limited** as constituted from time to time.
- ◇ **“Company”** means **India Finsec Limited**
- ◇ **“Subsidiary”** means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013
- ◇ **“Material Subsidiary”** means a subsidiary whose total income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Policy

A subsidiary shall be considered material if -

- ◇ It has generated ten percent or more of the consolidated income or net worth of the Company and its subsidiaries in the immediately preceding accounting year.

Material unlisted Indian Subsidiary: Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges whose income or net worth (i.e. paid-up capital and free reserves) exceeds twenty percent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Significant Transaction or Arrangement: Any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

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Governance Framework

- ◇ One Independent Director of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.
- ◇ The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- ◇ The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company.
- ◇ The management should periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

Disposal of Material Subsidiary

The Company shall not:

- ◇ dispose of the shares in its 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 without passing a special resolution in its General Meeting, except in cases where divestment is made under a scheme or arrangement duly approved by a Court/Tribunal.
- ◇ sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year with prior approval of shareholders by way of special resolution, unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

Scope & Limitation

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/modification in the SEBI(Listing Obligations and Disclosures Requirements) Regulations,2015, Act and/or applicable laws in this regard shall automatically apply to this Policy.

Policy Review

This policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

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