



Policy for determining Material Subsidiary

INDIA FINSEC LIMITED



Preamble

In accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy outlines the manner in which the Company will identify its “material” subsidiary and also prescribes certain governance requirements which need to be adhered to by the Company with respect to management of its material subsidiary.

Accordingly, Board of Directors of the **India Finsec Limited** (“the Company”) has adopted a policy for determining material subsidiary as on 14th February, 2016. It shall come into force with retrospective effect from 1st December, 2015. The Board Considered and Approved the Policy on 04.05.2024.

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

- (i) “**Act**” means the Companies Act, 2013 and rules issued thereunder.
- (ii) “**Audit Committee**” means the audit committee constituted by the Board of the Company from time to time as required in accordance with the provisions of Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations, 2015;
- (iii) “**Board**” means the board of directors of the Company;
- (iv) “**Company**” means India Finsec Limited;
- (v) “**Independent Director**” means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the SEBI (LODR) Regulations, 2015;
- (vi) “**SEBI (LODR) Regulations, 2015**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- (vii) “**Significant Transaction or Arrangement**” means any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten per cent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of an unlisted subsidiary for the immediately preceding accounting year;
- (viii) “**Subsidiary**” means a subsidiary as defined under Section 2(87) of the Act;
- (ix) “**Unlisted Subsidiary**” means a Subsidiary of the Company whose shares are not listed on any stock exchange.



Criteria for Determining Material Subsidiaries

“Material Subsidiary” means, except where otherwise specifically provided, a subsidiary, whose income or net worth exceeds 10% (ten per cent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year, as the case may be of the material unlisted subsidiary for the immediately preceding accounting year.

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.
- ◇ Every material subsidiary incorporated in India shall undertake secretarial audit as referred under Section 204 of the Act and the secretarial audit report shall be annexed with the annual report of the 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 without 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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