

## POLICY FOR DETERMINING “MATERIAL” SUBSIDIARY

### **1. Title**

This Policy shall be called ‘Policy for determining Material Subsidiaries’.

### **2. Commencement**

This Policy shall come into effect from 1st October 2014.

Revised w.e.f : February 11, 2021

### **3. Objective**

This Policy is framed in accordance with the requirement of the listing Regulation, 2015 (including any amendments thereof) and is intended to ensure correct identification of material subsidiary companies, so as to ensure proper compliance with provisions of Listing Regulation, 2015 with respect to Material Subsidiary.

### **4. Definitions**

- I. In this policy, the following words shall have the meanings defined as follows:
  - a. “Board” means the governing board of Metropolitan Stock Exchange of India Limited, as constituted from time to time.
  - b. “Company” means Metropolitan Stock Exchange of India Limited.
  - c. “Material subsidiary” shall mean a subsidiary, whose income or Net worth exceeds ten percent<sup>1</sup> of the consolidated income or Net worth respectively, of the listed entity (as Regulation 33(1)(c) of SECC, 2012) and its Subsidiaries in the immediately preceding accounting year.
  - d. “Policy” means this Policy, as amended from time to time.
- II. Any word used in this policy and not defined herein but defined in the Companies Act, 2013 or rules made thereunder, SEBI Act or Rules and Regulations or circulars made thereunder, Listing Regulations or any other relevant legislation/law applicable to the Company shall have the same meaning ascribed to it in those enactments or other instruments.

### **5. Policy**

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<sup>1</sup> Inserted “ten” instead of “twenty” pursuant to amendment in the SEBI (Listing Obligation and Disclosure) Regulations, 2015, vide board meeting held on February 11, 2021

- a. A Subsidiary shall be considered as material if the income or net worth of such subsidiaries exceeds ten<sup>2</sup> percent of the consolidated income or Net worth respectively of the Holding Company in the immediately preceding accounting year.
- b. The Management should periodically bring to the attention of the Board a Statement of all significant transactions and arrangements entered into with its Material Subsidiary.
- c. The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of Control over the Subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- d. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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.

## **6. Disclosures**

As prescribed in the Listing Regulations, this Policy shall be disclosed on the Company's website.

## **7. Amendments**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy, consistent with the applicable laws & regulatory requirements. The Act and/ or the Listing Regulations shall prevail over this Policy, in case of any inconsistencies.

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<sup>2</sup> Inserted "ten" instead of "twenty" pursuant to amendment in the SEBI (Listing Obligation and Disclosure) Regulations, 2015, vide board meeting held on February 11, 2021