

# ASIT C. MEHTA FINANCIAL SERVICES LTD

CIN: L65900MH1984PLC091326

Registered Office: 'Nucleus House', Saki Vihar Road, Andheri (East), Mumbai: 400072

Tel: 28570781 / 28583333

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### 1. PURPOSE AND SCOPE

The Policy for determining Material Subsidiaries has been framed in accordance with the provisions of Clause 49(V)(D) of the Listing Agreement.

The Policy will be used to determine Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this policy, unless defined, shall have the same meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder and amended from time to time.

### 2. DEFINITIONS

**A. Company:** means Asit C. Mehta Financial Services Limited

**B. Subsidiary:** shall mean a Subsidiary as defined under Section 2(87) of the Companies Act, 2013 and Rules related thereto.

**C. Material Non-Listed Indian Subsidiary:** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

**D. Significant transaction or arrangement:** shall mean 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 the material unlisted subsidiary for the immediately preceding financial year.

**Note:** Where a listed holding company has a listed subsidiary, which is itself a holding company, the policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

### 3. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARY

A subsidiary of the Company shall be considered as 'material if:

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- i. The investment of the company in the subsidiary exceeds 20% (twenty per cent) of its consolidated net worth (i.e. paid up capital and free reserves) as per the audited balance sheet of the previous financial year, or
- ii. The subsidiary has generated 20% (twenty per cent) of the consolidated income of the Company during the previous financial year.

## **4. GOVERNANCE FRAMEWORK**

1. One Independent Director of the Company shall be a Director on the Board of the Material Non- Listed Indian Subsidiary Company.
2. The Audit Committee of the Company shall review the financial statements with special focus on the investments made by the unlisted subsidiary company.
3. The minutes of the Board meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
4. The management shall periodically bring to the attention of Board of the Directors of the Company, a statement of all significant transactions and arrangement entered into by the unlisted subsidiary of the company.

## **5. DISPOSAL OF MATERIAL SUBSIDIARY**

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

- a. dispose of its 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.
- b. sell, dispose off, and lease assets amounting to more than 20% (Twenty Per cent) of the assets of the material subsidiary on an aggregate basis during a financial year.

Incase of divestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/ Tribunal the approval of shareholders is not required.

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## **6. REVIEW**

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, based on the recommendations of the Audit Committee.

## **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.