

# **SRESTHA FINVEST LIMITED**

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

Pursuant to the provisions of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the listed entity is required to formulate a policy for determining ‘material’ subsidiary. The objective of the policy is to determine the material subsidiaries of the Company in accordance with the provisions of the SEBI Listing Regulations.

### **1. DEFINITIONS:**

“**Act**” means Companies Act, 2013 (Act) and Rules made thereunder, including any amendments or modifications thereof.

“**Board**” means the Board of Directors of Srestha Finvest Limited

“**Company**” means Srestha Finvest Limited.

“**Net worth**” means net worth as defined in sub-section (57) of Section 2 of the Companies Act, 2013.

“**Policy**” means this Policy as amended from time to time.

“**Significant transaction or arrangement**” means 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 subsidiary in the immediately preceding accounting year.

“**Subsidiary**” means subsidiary of the Company as defined in sub-section (87) of Section 2 of the Companies Act, 2013.

### **2. IDENTIFICATION OF MATERIAL SUBSIDIARY:**

A subsidiary shall be considered as material, if the turnover or net worth of a subsidiary company exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

### **3. GOVERNANCE FRAMEWORK:**

a) At least one Independent Director on the Board of the Company shall be a director on the board of an unlisted material subsidiary, whether incorporated in India or not.

*Explanation – For this clause - the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.*

b) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.

c) The minutes of the Board meetings of the unlisted subsidiary shall be placed at the Board meetings of the Company.

d) The management of the unlisted subsidiary should periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

#### 4. DISPOSAL OF MATERIAL SUBSIDIARY:

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

- a) 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 50% or cease the exercise of control over the material subsidiary, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the stock exchanges within one day of the resolution plan being approved; or
- b) sell, dispose and lease assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the stock exchanges within one day of the resolution plan being approved.

## 5. SCOPE AND LIMITATION:

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules made thereunder and the Listing Regulations, the provisions of the Companies Act, 2013/Rules, SEBI Act/Rules and Listing Regulations shall prevail.

## 6. DISSEMINATION OF THE POLICY:

This Policy shall be hosted on the website of Srestha Finvest Limited and a web-link thereto shall be provided in the Annual Report.

## 7. AMENDMENTS / REVIEW OF POLICY:

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

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