

**RP-S-05**

## **MANAPPURAM FINANCE LIMITED (MAFIL) POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

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**Policy Owner:** Secretarial Department

**Prepared By:** Secretarial Department

**Custodian:** Manoj Kumar V R, Company Secretary

**Reviewed By:** Policy Review Committee

**Approved By:** Board of Directors of MAFIL

## 1. Purpose and Scope

As per Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) as amended, every listed entity shall formulate a policy for determining its ‘material’ subsidiary, and Regulation 46 (2)(h) of the LODR mandates publishing of the policy by the entity under a separate section on its website. Accordingly, this “Policy for Determining Material Subsidiaries” (the “Policy”) has been adopted by Manappuram Finance Limited (“MAFIL”). The purpose of the policy is to ensure that MAFIL identifies, monitors and discloses its material subsidiary in accordance with the regulations of the LODR, and to ensure that its material subsidiary/ies is/ are functioning in a manner consistent with its overall strategy and objectives.

All words and expressions used in the Policy, unless defined herein, shall have the meanings assigned to them under the LODR. In the absence of such a definition, the words and expressions shall have the meanings assigned to them under the Companies Act, 2013, LODR and the rules, notifications, and circulars made thereunder, as amended from time to time. Further, references to the singular shall be deemed to include references to the plural, and vice versa, unless the context otherwise requires.

## 2. Definitions

- i. **“Subsidiary”** means a Company in which MAFIL holds more than 50 % of the equity share capital or has control over its management and operations.
- ii. **“Material Subsidiary”** means a subsidiary whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of MAFIL and its subsidiaries in the immediately preceding accounting year.

## 3. Identification of ‘Material’ subsidiary (ies) and Governance Framework

- i. A subsidiary shall be deemed to be a material subsidiary if its turnover or net worth exceeds 10% of the consolidated income or net worth respectively of MAFIL and its subsidiaries in the immediately preceding accounting year. MAFIL shall identify its material subsidiaries on an annual basis, based on the latest audited financial statements. The Company shall also review and update the list of material subsidiaries as and when necessary.
- ii. At least one Independent Director on the Board of Directors of MAFIL shall be a director on the board of directors of its unlisted material subsidiary (ies), whether incorporated in India or not. For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty

percent of the consolidated income or net worth respectively, of MAFIL and its subsidiary (ies) in the immediately preceding accounting year.

- iii. MAFIL shall not dispose of shares in its material subsidiary (ies) resulting in reduction of its shareholding (either on its own or together with other subsidiary (ies)) to less than 50% (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, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- iv. 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 or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- v. Every material unlisted subsidiary shall undertake secretarial audit and shall annex a secretarial audit report given by a Company Secretary in Practice, in such form as specified, with the annual report of MAFIL.
- vi. This policy shall be reviewed by the Board of Directors of MAFIL and updated as necessary to ensure ongoing compliance with the LODR and other relevant regulations, acts, and any directions issued by regulatory authorities.

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