

**MORARKA FINANCE LIMITED**  
**POLICY ON MATERIAL SUBSIDIARIES**

**Prologue**

*At the outset, it is worth quoting here that at present the company is not having any subsidiary as defined in section 2(87) of Companies Act, 2013. However, pursuant to the requirements of regulation 16(1)(c) and 46 (2) (h) of SEBI (LODR) Regulations, 2015, the Board of Directors (the “Board”) of Morarka Finance Limited (the “Company”) have adopted the following policy and procedures with regard to determination of Material Subsidiaries.*

**Objectives of the Policy**

*To decide the Material Subsidiaries of the Company as per the criteria laid down in Regulation 16 (1)(c) of SEBI (LODR) Regulations, 2015..*

**Definitions Primary constructions:**

*“Material Unlisted Indian Subsidiary” shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose income or net worth (i.e. paid up share capital and free reserves) exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.*

*“Significant Transaction or Arrangement” shall mean 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 material unlisted subsidiary for the immediately preceding accounting year.*

**Extended constructions:**

*Any other term not defined herein, shall have the same meaning Prescribed to it, as defined under Companies Act, 2013 and the Rules framed thereunder, the SEBI Listing Regulations, Act, Rules and Regulations framed by the Securities Exchange Board of India or any other relevant legislation/ regulation applicable to the Company.*

**The Policy**

1. *A subsidiary shall be a Material Subsidiary, if any of the following criteria are met:*
  - a. *If the Investment of subsidiary is more than 20% of its consolidated net worth as per the audited balance sheet of the previous financial year;*

**Or**

- b. *Which has generated twenty per cent of the consolidated income of the Company during the*

*previous financial year.*

- 2. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.*
- 3. The Audit Committee of Board of the Company shall review the financial statements, specifically, the investments made by the Material Non Listed Subsidiary Company on an annual basis.*
- 4. The minutes of the Board Meetings of the Material Non Listed Subsidiary Companies shall frequently be placed before the Board of the Company.*
- 5. The management shall 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 Material Non Listed Subsidiary Company.*
- 6. 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.*

#### ***Sell or Disposal of Material Subsidiary***

*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.*

#### ***Other Disclosures***

*The Policy for determining material subsidiaries will be posted on the Company's website and a web link thereto will be provided in the Annual Report.*

#### ***Policy change / amendment***

*The Board of Directors on its own discretion or on the recommendations of Audit Committee may amend this Policy, as and when required to do so. Any or all provisions of this Policy would be subject to revision / amendment as per the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.*

