



Arman Financial Services Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. PURPOSE AND SCOPE

The Policy for determining ‘material’ subsidiary Companies had been framed in accordance with the provisions of the Listing Agreement and has been updated in accordance with Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”).

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

2. IDENTIFICATION OF ‘MATERIAL’ SUBSIDIARY

A subsidiary shall be considered as material if:

- a) the net worth of the subsidiary, exceeds 20 per cent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year or,
- b) the income of the subsidiary exceeds 20 per cent of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year.

3. GOVERNANCE FRAMEWORK

- a) The Audit Committee of Board of the Company shall review the financial statements of the unlisted subsidiary Company.
- b) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- c) The management shall periodically bring to the notice of the board of directors a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- d) One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- e) The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

4. DISPOSAL OF MATERIAL SUBSIDIARY

A listed entity shall not dispose 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:

- a) 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
- b) 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

5. POLICY REVIEW

This policy is framed pursuant to the provisions of the Companies Act, 2013, and rules there under and the requirements of the Listing Regulations. In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors. This Policy is updated as on 20.05.2016

6. DISCLOSURES

The Company shall disclose in its Board's report, details of this Policy as required under the Act and SEBI (LODR), Regulations, 2015. This Policy shall be displayed on the Company's website.