

# MUTHOOT FINANCE LIMITED

## POLICY ON MATERIAL SUBSIDIARY

### OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of the SEBI (Listing obligations and Disclosure Requirements) Regulations 2015 (including any amendments thereof) **hereinafter referred as SEBI LODR.**

### DEFINITIONS

**“Board of Directors”** or **“Board”** means the Board of Directors of Muthoot Finance Limited, as constituted from time to time.

**“Company”** means Muthoot Finance Limited.

**“Independent Director”** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and SEBI LODR

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

**"Subsidiary"** shall mean a subsidiary as defined under the Companies Act and Rules made thereunder.

**“Material Non-Listed Indian Subsidiary”** mean a Material Subsidiary which is incorporated in India and which is not listed on any of the Indian Stock Exchanges.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI LODR , Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

### POLICY:

I. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a. A company, in which the investment of the Company or the proposed investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous accounting year; or
- b. Which has generated 20% of the consolidated income of the Company during the previous accounting year.

II. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

III. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.

IV. The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed before the Board of the Company on a quarterly basis.

V. The management shall on a quarterly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted Subsidiary.

VI. 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 including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.

VII. The Company, without the prior approval of the members by special resolution or a resolution with majority as may be prescribed under regulation 24 of the SEBI LODR and Listing Agreement with the Stock Exchanges, shall not :

- a. Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. Ceases the exercise of control over the Material Subsidiary; or
- c. Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during an accounting year;

Except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court / Tribunal.

#### **DISCLOSURE:**

This policy shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.

#### **MISCELLANEOUS**

The Board of Directors of the Company has adopted the Policy and procedure with regard to determining Material Subsidiaries as required under SEBI LODR.

The Board of Directors of the Company may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

#### **SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

#### **AMENDMENTS**

This Policy may be modified and or amended with only with the approval of the Board of Directors of the Company.