

Last Amendment Date	Effective Date	Approved By
May 17, 2019	May 18, 2019	Board of Directors

**MPS LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

**Purpose of this Policy**

This Policy is being framed pursuant to Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") which shall include any statutory modification, alteration or amendment thereto for the time being and from time to time in force) for the purpose of determining a Material Subsidiary.

**Definitions**

"the Act" shall mean the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force and all rules framed pursuant to and in accordance with the provisions thereof.

"the Board" or "Board of Directors" shall mean the collective body of the directors for the time being of the Company or of the Material Subsidiary, as the case may be.

"the Company" shall mean MPS Limited, a listed public Company.

"Subsidiary Company" or "Subsidiary" shall have the meaning ascribed to it in Section 2(87) of the Act.

"Material Subsidiary" shall mean a Subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in immediately preceding accounting year.

"Significant Transaction or Arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year.

“Independent Director” shall mean an independent director referred to in Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### Governance Framework

1. At least one Independent Director on the Board of the Company shall be a Director on the Board of an unlisted Material Subsidiary, incorporated in India or not.

For the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

2. The Audit Committee of the Board of the Company shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary of the Company.
3. The Minutes of meetings of the Board of the unlisted Subsidiary shall be placed at the meeting of the Board of the Company.
4. The Board of the Company shall periodically be provided by the Management of its unlisted Subsidiary with a statement of all Significant Transactions and Arrangements entered into by the unlisted Subsidiary.
5. The Company shall not dispose any shares held by it in its Material Subsidiary resulting in a reduction of its shareholding in the Material Subsidiary (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the Material Subsidiary without passing a special resolution in its general meeting (including through postal ballot), 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]
6. Any sale, disposal and / or lease 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 the 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]

7. If listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

### **Policy review**

This Policy is framed and updated based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges.

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 Board 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 Board.