

ANANDRATHI

Anand Rathi Wealth Limited

Policy for Determining Material Subsidiary

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Preamble

The Board of Directors of Anand Rathi Wealth Limited has approved and adopted the policy on determining 'Material Subsidiaries' in accordance with the requirements of regulation 16(1)(c) and regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Definitions

For the purpose of this policy:

“Board” means Board of Directors of Anand Rathi Wealth Limited ('ARWL').

“Company or ARWL” shall mean Anand Rathi Wealth Limited, wherever it is referred to in the policy.

“Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management or shareholders agreements or voting agreements or in any other manner.

“Directors” shall mean the directors of ARWL.

“Independent Director” shall mean 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 the listing agreement with the Stock Exchanges

“Material subsidiary” shall mean subsidiary, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the listed 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 ten per cent 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.

“Subsidiary company” in relation to ARWL means a company in which ARWL-

(1) controls the composition of the Board, or

(2) exercises or control more than half of the total share capital either at its own or together with one or more of its subsidiary companies.

The expression "total share capital" means, the aggregate of the:-

- (a) paid-up equity share capital; and
- (b) convertible preference share capital

For the purposes of this definition,—

- a) a company shall be deemed to be a subsidiary company of ARWL even if the control referred to in clause (1) or clause (2) is of another subsidiary company of ARWL;
- b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or majority of the directors.
- c) The expression "Company" includes body corporate

Determination of Material Subsidiary

The management shall, based on the audited financials of the Company, review all its subsidiaries annually with respect to the definition of materiality given in this policy and shall bring to the notice of the Board in case of any change in the status of any of the subsidiaries of the Company. The Board shall then consider the same and ensure that the compliances as required under the SEBI listing Regulations are complied with respect to the material subsidiary/ies.

Disposal of shares of Material Subsidiary by the Company

The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% 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.

Disposal of assets of Material Subsidiary

Selling, disposing and leasing of assets amounting to more than twenty per cent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval 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.

Other requirements with regards to material subsidiary

- The Audit Committee of ARWL shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company (irrespective of materiality) shall be placed at the Board meeting of the listed holding company.
- The management of the unlisted subsidiary company should 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 unlisted subsidiary company.
- Where the Company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- At least one independent director on the board of directors of the ARWL shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purposes of the above 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 ARWL and its subsidiaries in the immediately preceding accounting year.

- ARWL and its unlisted material subsidiaries incorporated in India shall undertake secretarial audit and shall annex to its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

This policy shall be disclosed on the Company’s website and the web link to the same shall be provided in the Annual Report.

Amendment

Any change in the Policy shall be approved by the Board of Directors. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.
