



## MOTILAL OSWAL FINANCIAL SERVICES LIMITED

### POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES ("POLICY")

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#### VERSION DETAILS

Sr. No.	Details of Changes	Date of Creation/Change	Department	Author	Version Number	Approved By
1.	Original Document	19/07/2014	Corporate Secretarial	Samrat Sanyal	Ver. 1.0	Board of Directors
2.	Changes due to amendments in the regulatory provisions.	16/01/2019	Corporate Secretarial	Kailash Purohit	Ver. 1.1	Board of Directors

## 1. SCOPE OF THE POLICY

As per the provisions of Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended from time to time), a company which has its equity shares listed on a stock exchange is required to formulate a Policy on determination of Material Subsidiaries ("Policy"). Accordingly, this Policy will be applicable to Motilal Oswal Financial Services Limited (the "Company" or "MOFSL") and shall lay down the criteria towards ascertaining Material Subsidiary of the Company.

## 2. OBJECTIVE OF THE POLICY

To determine the Material Subsidiaries of **Motilal Oswal Financial Services Limited** (the "**Company**" or "**MOFSL**") in accordance with the provisions of the Listing Regulations and to provide the governance framework for such subsidiaries.

This Policy may be amended at any time and is subject to:

- a) Amendments to the Listing Regulations
- b) Amendments to the Companies Act, 2013 ("the Act"),
- c) Further guidance from SEBI,
- d) Consequential actions taken by the Board of Directors or the Audit Committee of the Company

## 3. DEFINITIONS

**"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Regulation 18 of the Listing Regulations and Section 177 of Companies Act, 2013.

**"Board of Director"** or **"Board"** means the Board of Directors of **Motilal Oswal Financial Services Limited**, as constituted from time to time.

**"Company"** means **Motilal Oswal Financial Services Limited**.

**"Independent Director"** means an independent director referred to in Section 149 of the Act and Regulation 16 of the Listing Regulations.

**"Policy"** means Policy on Determination of Material Subsidiaries.

**"Subsidiary"** shall be as defined under section 2(87) of the Companies Act, 2013 and the Rules made there under.

## 4. IDENTIFICATION OF MATERIAL SUBSIDIARY

A subsidiary company shall be considered as material, if the income or net worth of a subsidiary company **exceeds ten percent** of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

## 5. GOVERNANCE FRAMEWORK

- 1) At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of an unlisted material subsidiary company, whether incorporated in India or not.

**Explanation** - For the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the Listing Regulation, 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 Company and its subsidiaries in the immediately preceding accounting year.

- 2) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- 3) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- 4) The management of the unlisted subsidiary shall periodically bring to the notice 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.

**Explanation** - For the purposes of this provision, the term “**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 unlisted subsidiary for the immediately preceding accounting year.

## 6. DISPOSAL OF SHARES/ASSETS IN MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special Resolution, shall not:

- a. dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary 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 and Bankruptcy Code, 2016 (“Insolvency Code”) and such an event shall be disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- b. sell, dispose and lease the assets of the material subsidiary amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year, 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 and Bankruptcy Code, 2016 (“Insolvency Code”) and such an event shall be disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

## **7. REVIEW/ REVISION OF POLICY**

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.