



POLICY ON MATERIAL SUBSIDIARY COMPANIES

Date of issue : February 4, 2019

Effective Date: April 1, 2019

Version : v3

Legislative background

Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations") requires every listed company to frame a policy on Material subsidiary Company and such policy shall be disclosed to the stock exchanges and in the Annual Report of the company.

The Policy was initially framed to comply with Listing Agreement and amended from time to time to align with changes in Rules & Regulations. The policy is being amended again to align with the changes mandated by Listing Regulations effective from April 1, 2019.

Definitions

Company : means SRF Limited

Subsidiary : means a subsidiary as defined under Section 2(87) of the Companies Act, 2013.

Material subsidiary shall mean a subsidiary, whose income or net worth exceeds 10 percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Control : means control as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Compliance with Listing Regulations

The Company shall not dispose-off shares in a 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 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]."

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* shall require prior approval of shareholders of the Company 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."

The Company shall ensure that at least one independent director on its Board of Directors shall be a director on the Board of Directors of a material non-listed subsidiary company and 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.