

AVONMORE CAPITAL & MANAGEMENT SERVICES LIMITED

Material Subsidiary Policy (Revised as on 13.02.2019)

Policy for determining 'Material' subsidiaries

1. Purpose and Scope:

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The Policy will be used to determine the Material Subsidiaries of Avonmore Capital Management Services Limited and to provide the governance framework for such subsidiaries. All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

2. Identification of 'Material' subsidiary:

A subsidiary shall be considered as material if –

- a. the investment of the Company, whether current or prospective, in the subsidiary exceeds 10 percent of its consolidated net worth as per the audited balance sheet of the previous financial year or,
- b. if the subsidiary has generated 10 percent of the consolidated income of the company during the previous financial year.

Material non-listed Indian subsidiary shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10 percent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

3. Governance framework:

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- ii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- iii. The management shall 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.
- iv. One Independent Director of the Company shall be a director on the Board of the Material Non Listed Indian Subsidiary Company.

For the purpose of this provision, "Material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves)

exceeds 20 percent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

v. 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.

4. Disposal of Material Subsidiary:

The Company shall not dispose of shares in its' material subsidiary which would:

- a. reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 percent or cease the exercise of control over the subsidiary or,
- b. amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year 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 under the Companies Act, 2013 or rules made thereunder.

5. Disclosure:

The Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

6. Policy Review:

This policy is framed pursuant to the provisions of the Companies Act 2013 and rules thereunder and the requirements of the SEBI (LODR) Regulations, 2015 and as amendments made therein from time to time.

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 Audit Committee 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 Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.