



SHETRON LIMITED
THE NAME BEHIND THE NAMES

POLICY FOR DETERMINATION OF A MATERIAL SUBSIDIARY

(Approved on Board Meeting dated 08.02.2016)

(Amended at the Board Meeting held on 29.01.2019)

Registered Office:

Plot No. 1, Bommasandra Industrial Area

Hosur Road, Bangalore – 560099

Tel: +91 80 27832290/92; Fax: +91 80 27832293

CIN: L21014KA1980PLC003842

Policy for determination of a material subsidiary

Pursuant to Regulation 24 and 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Purpose and Scope:

The policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of Regulation 24 and 30 of SEBI (Listing Obligations and Disclosure Requirements), 2015.

The Policy will be used to determine the Material Subsidiaries of the Company 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 LODR Regulations, 2015 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 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 or net worth 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, incorporated in India.
- 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.

Explanation – For the purpose of this regulation, the term "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 material subsidiary for the immediately preceding financial year.

- iv. One Independent Director of the Company shall be director on the Board of the Material Non-listed Indian Subsidiary Company.

4. Disposal of Material Subsidiary

The Company 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 without passing a special resolution in its General meetings, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- b. sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

5. Policy Review

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

For Shetron Limited

Kartik Nayak
Joint Managing Director