

# **MAFATLAL INDUSTRIES LIMITED**

## **Policy on Materiality of Subsidiary**

## 1. OBJECTIVE

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This Policy is framed as per the requirement of SEBI Listing Obligations and Disclosure Requirements, 2015 (“SEBI LODR”) and any amendments therein, entered into by the Company with the Stock Exchanges.

The Board of Directors (“Board”) of the Company has adopted this policy for determining material subsidiaries of the Company (“Policy”) in accordance with the provisions of Regulation 16(1)(c) of SEBI (LODR). The Company, as legally required, shall follow all the compliance requirements relating to material subsidiaries.

This Policy sets out criteria for determination and disposal of material subsidiaries.

## 2. DEFINITIONS

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“**Act**” means The Companies Act, 2013 including the Rules, Schedules, Clarifications and Guidelines issued by The Ministry of Corporate Affairs from time to time.

“**Audit Committee**” means the Audit Committee constituted by the Board of Directors of the Company from time to time under provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and The Companies Act 2013.

“**Board of Directors or Board**” means the Board of Directors of Mafatlal Industries Limited

“**Company or MIL**” means Mafatlal Industries Limited.

“**Policy**” means Policy for determination and disposal of material subsidiary.

“**Material Subsidiary**” (as per the SEBI LODR (Third Amendment) Regulations, 2024) means a subsidiary (listed or unlisted), whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of the MIL (the Company) and its subsidiaries in the immediately preceding accounting year.

“**Subsidiary**” means subsidiary of the Company as defined under the Act.

### 3. POLICY AND PROCEDURE

1. A subsidiary shall be considered a material subsidiary whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the MIL (the Company) and its subsidiaries in the immediately preceding accounting year.

2. At least one independent director of the Company shall be appointed as a Director on the Board of unlisted material subsidiary company, whether incorporated in India or not.

For this purpose, notwithstanding anything to the contrary contained in this Policy, the term “Material Subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3. The Audit Committee of the Board shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

4. Minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of the Company.

5. The Management of the unlisted subsidiary 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.

“**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 material unlisted subsidiary for the immediately preceding accounting year.

6. The unlisted Material Subsidiary of the Company incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the Annual Report of the Company.

7. Compliance in relation to resignation of statutory auditor of the material subsidiaries shall be complied as per Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024 for its material subsidiaries.

#### 4. DISPOSAL OF MATERIAL SUBSIDIARY:

1. 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.
2. The Company shall not sell, dispose or lease assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of a 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. Provided further nothing contained in this para shall apply to such sale, disposal or lease of assets between two wholly owned subsidiaries of MIL.
3. Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

#### 5. DISCLOSURES:

The Policy shall be disclosed on the Company's website [www.mafatlals.com](http://www.mafatlals.com) and a web link thereto shall be provided in the annual report.

#### 6. REVIEW AND AMENDMENTS TO THE POLICY:

This Policy shall be reviewed periodically by the Board of Directors and updated to reflect changes in legislation and organizational needs. Mafatlal retains the right to review and modify/amend this Policy without prior notice to align with the legal and regulatory modifications, and sound business practices. In the event of any change, a revised Policy will capture these modifications, and the effective date of the updated policy will be specified likewise.

**Approved by the Board on 29<sup>th</sup> March 2022 effective from 1<sup>st</sup> April 2022.**

**Reviewed by the Board on 28<sup>th</sup> March 2024.**

**Reviewed and amended by the Board on 4<sup>th</sup> February 2025.**