

SUN FINLEASE (GUJARAT) LIMITED

**POLICY FOR DETERMINING
MATERIAL SUBSIDIARIES**

(Effective from 31st January, 2019)

SUN FINLEASE (GUJARAT) LIMITED

(CIN: L65910GJ1988PLC010293)

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

The Board of Directors of Sun Finlease (Gujarat) Limited (“the Company”) have approved this policy for determining material subsidiaries of the Company in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Regulations”)

1. BACKGROUND:

Explanation to Regulation 16(1)(c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires every listed company to formulate a policy for determining a “material” subsidiary and Regulation 46(2)(h) of the Listing Regulations requires each listed company to publish such policy under a separate section on its website.

This Board of Directors (“the Board”) of the Company has adopted this policy and procedures for determining “material” subsidiary companies (“policy”) in accordance with the provisions of Regulation 16(1)(c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

2. DEFINITIONS:

“Audit Committee” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Clause 49 of the Listing Agreement.

“Independent Director” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Agreement.

“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.

“Subsidiary” shall be as defined under the Act and the rules made thereunder.

“Unlisted Subsidiary” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

3. OBJECTIVE OF THE POLICY:

The objective of this policy is to determine:

- (i) Meaning of Material Subsidiary;
- (ii) Restriction on disposal of shares of Material Subsidiary by the Company;
- (iii) Restriction on transfer of assets of Material Subsidiary; and
- (iv) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

4. IDENTIFICATION OF “MATERIAL” SUBSIDIARY:

A subsidiary shall be considered as material if –

- a. The investment of the Company in the subsidiary exceeds 20 percent of its consolidated net worth as per the Audited Balance Sheet of the previous Financial Year or;
- b. If the subsidiary has generated 20 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 20 percent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding Financial Year.

5. GOVERNANCE FRAMEWORK:

1. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted material Subsidiary of the Company.
2. At least one Independent Director of the Company shall be a Director on the Board of an unlisted material Subsidiary Company, incorporated in India.
3. The minutes of the Board meetings of the unlisted Subsidiary Company shall be placed before the Board of the Company.
4. The management of the unlisted Subsidiary Company shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted Subsidiary Company.
5. 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 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 Court/Tribunal.
6. Selling, disposing and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a Financial Year shall require 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.

6. DISCLOSURES:

This policy shall be disclosed on the Company's website.

7. POLICY REVIEW:

The Board of Directors of the Company may amend this policy from time to time provided such amendments are in line with the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

8. LIMITATION AND AMENDMENTS:

In the event of any conflict between the provisions of this policy and of the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) or any other Statutory enactments, rules, the provisions of such Act or Regulations or Statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Act and/or applicable laws in this regard shall automatically apply to this Policy.

Note: At present the Company does not have any Subsidiary Company and the above policy is made in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.