



**FIRSTMERIDIAN BUSINESS SERVICES LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

*(Approved and adopted by Board on 12<sup>th</sup> April, 2022)*

## **FirstMeridian Business Services Limited Restricted**

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### **PREAMBLE:**

The Board of Directors (the “Board”) of **FIRSTMERIDIAN BUSINESS SERVICES LIMITED** (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective from 12<sup>th</sup> April, 2022.

The Policy is framed in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) (LODR) (Regulations, 2015 including any amendments thereof).

### **OBJECTIVE**

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

### **DEFINITIONS**

“**Act**” means the Companies Act 2013 as may be amended from time to time.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

“**Board of Directors**” or “**Board**” means the Board of Directors of FirstMeridian Business Services Limited, asconstituted from time to time.

“**Company**” means FirstMeridian Business Services Limited.

**“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 Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

**“Policy”** means this Policy on determining Material Subsidiaries. Material Non Listed Indian Subsidiary shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges

**“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 Non Listed Indian Subsidiary for the immediately preceding accounting year.

**“Subsidiary”** means a subsidiary of the Company, which term shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the, LODR Regulations 2015, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation amended time to time.

## **POLICY**

A subsidiary shall be considered as **Material** if:

The income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year pursuant to the Regulation 16 of SEBI Listing Obligation and Disclosure Requirement (LODR) Regulations 2015.

The management of the Company 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 including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.

However, for the purposes of **appointment of Independent Director in the Material Non-Listed Indian Subsidiary**, notwithstanding anything to the contrary contained in Regulation 16 of SEBI LODR Regulations 2015, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year as per Regulation 24 of SEBI LODR Regulations 2015 read with its amendments.

#### **REQUIREMENT REGARDING MATERIAL SUBSIDIARY**

The Company, without passing a special resolution in its General Meeting, shall not:

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary; or
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year;

Unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

#### **ADDITIONAL REQUIREMENT FOR MATERIAL NON-LISTED SUBSIDIARY**

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed subsidiary company.

Every material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

For the purposes of this requirement, incorporated in India 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.

## **REQUIREMENT REGARDING UNLISTED SUBSIDIARY COMPANY**

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- The management of the Company shall on a quarterly basis bring to the attention of the Board of Directors of the Company vide a recommendation of the Audit Committee of the listed entity, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

## **EXPLANATION**

The Management of the Company shall on a quarterly basis bring to the attention of the Board of Directors of the Company vide a recommendation of the Audit Committee of the listed entity total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

## **AMENDMENTS**

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

**SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the LODR/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such LODR/Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

**DISCLOSURES:**

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at [www.firstmeridian.com](http://www.firstmeridian.com).

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