



## Policy for determining Material Subsidiary



### POLICY FOR DETERMINING MATERIAL SUBSIDIARY



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Policy Approval authority	Audit Committee/Board of Directors
Policy Owner	Company Secretary and Compliance Officer
Policy Implementation Authority	Company Secretary and Compliance Officer
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### Relevant Act/Rules/Regulations

*Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015*



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### I. INTRODUCTION AND OBJECTIVE

In terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**Regulations**”), every company which has listed its specified securities is required to formulate a policy for determining its material subsidiaries.

This “Policy for Determining Material Subsidiary” (“**Policy**”) is adopted for determining material subsidiaries of the Company in terms of the Regulations.

The Policy shall be published on the website of the Company as required under the Regulations.

II.

### III. DEFINITIONS

- i. “**Board**” or “**Board of Directors**” means the Board of Directors of the Company.
- ii. “**Company**” means IndoStar Capital Finance Limited.
- iii. “**Insolvency Code**” means Insolvency and Bankruptcy Code, 2016.

### IV. IDENTIFICATION OF MATERIAL SUBSIDIARY

A subsidiary shall be considered as a “**Material Subsidiary**” if its turnover or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries, in the immediately preceding accounting year.

### V. OTHER CONDITIONS WITH RESPECT TO MATERIAL SUBSIDIARY

- a) **Appointment of Independent Directors:** Every unlisted Material Subsidiary (whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth of the Company and its subsidiaries, respectively in the immediately preceding accounting year), whether incorporated in India or not, will appoint at least one independent director of the Company on the Board and shall be adhered to only by that Material Subsidiary.
- b) **Restriction on Disposal of Shares:** The Company is restricted from disposing the shares held by the Company in its Material Subsidiary, when such disposal may result in a reduction of the Company’s shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty percent) or cease the exercise of control over the Material Subsidiary, unless a special resolution has been passed in a general meeting. However, the said disposal is permitted, where such disposal/divestment is made under a scheme of arrangement duly approved by a court or tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognised stock exchanges within 01 (one) day of the resolution plan being approved.



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- c) **Disposal of Assets:** Selling, disposing and leasing of Company's assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year is restricted unless such sale, disposal, or 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 recognised stock exchanges within 01 (one) day of the resolution plan being approved. Such restriction is not applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.
- d) **Secretarial Audit:** As per regulation 24 (A) of the Regulations, the Company and its unlisted Material Subsidiary, that has been incorporated in India shall undertake secretarial audit by a secretarial auditor (as set out in the Regulations) and annex the secretarial audit report with the annual report of the Company.

### VI. REVIEW OF POLICY

This Policy shall be reviewed as and when considered necessary by the Board.