



**Mercator Limited**

**POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES**

Reviewing Authority	Audit Committee of Directors
Approving Authority	Board of Directors
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Review Cycle	Annually or as recommended by Board/ Audit Committee

### **1. Scope and Objective of the Policy**

Clause 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, mandates every listed Company to formulate a policy for determining “material” subsidiaries. To comply with this statutory requirement, Mercator Limited (ML) has formulated the policy for determining “material” subsidiaries (“Policy”), which shall be subject to the applicable statutory provisions, other clauses and conditions of the Listing Agreement of the Company with Stock Exchanges, provisions of the Companies Act, 2013, any rules, regulations, guidelines, notifications and circulars of the Securities and Exchange Board of India, the Reserve Bank of India, and any other appropriate authority.

The objective of this Policy is to fix the threshold for determining “material” subsidiaries of ML.

### **2. Threshold For Determining ‘Material’ Subsidiaries:**

A subsidiary shall be considered as material subsidiary of ML, whether incorporated in India or not, if **any one** of the following conditions is satisfied:

- a. A subsidiary whose net worth exceeds **ten per cent**, of the **consolidated net worth\*of ML**.
- b. A subsidiary which generates **ten per cent**, of the **consolidated income\*of the ML\***.

\* The net worth or income of ML as above should be as per the consolidated audited Balance sheet for the immediately preceding accounting year.

### **3. Conditions for Corporate Governance with respect to Unlisted Material Subsidiary Company:**

One Independent Director of ML shall be a director on the Board of the Unlisted Material Subsidiary Company, whether incorporated in India or not. The conditions for qualifying the same are

- a. A subsidiary whose net worth exceeds **twenty per cent**, of the **consolidated net worth\*of ML**. OR
- b. A subsidiary which generates **twenty per cent**, of the **consolidated income\*of the ML\***.

\* The net worth or income of ML as above should be as per the consolidated audited Balance sheet for the immediately preceding accounting year

The Audit Committee of ML shall review the financial statements and investments made by the Unlisted subsidiary.

The Minutes of the Board Meeting of the Unlisted subsidiary shall be placed at the Board Meeting of ML.

The management of ML will periodically bring to the attention of the Board of Directors of ML; a statement of all the significant transactions and arrangements entered into by the Unlisted subsidiary.

**4. Conditions in respect of Material Subsidiary Company:**

ML, without the prior approval of the members by Special Resolution, shall not:

- i. dispose of shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- ii. ceases the exercise of control over the Subsidiary; or
- iii. sell, dispose or lease the assets amounting to more than twenty percent 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 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.

**5. Amendments:**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

**6. Interpretation:**

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.