

POLO QUEEN INDUSTRIAL AND FINTECH LIMITED

REVISED POLICY ON MATERIAL SUBSIDIARY (Effective from June 24, 2021)

The Board of Directors of Polo Queen Industrial and Fintech Limited ('the Company') have approved this Policy for determining Material Subsidiary of the Company in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulations').

PURPOSE OF THE POLICY

The Company has framed a Policy on Material Subsidiary Company to determine its Material Subsidiary Companies.

All the words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the Listing Regulations

DEFINITIONS

"Audit Committee" means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

"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 Regulations.

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.

Material Unlisted Indian Subsidiary shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

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 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.



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DETERMINING FACTORS OF MATERIALITY

The Company shall refer to the above definition of material subsidiary in determining whether a subsidiary is a material subsidiary of the Company or not.

FREQUENCY OF MATERIALITY TEST

The materiality test shall be applied every financial year as soon as the audited financial statements of the Company are made available by the Auditor of the Company.

REQUIREMENTS IN RELATION TO THE MATERIAL SUBSIDIARY COMPANY

Following requirements shall be observed by the Company in relation to a material subsidiary of the Company:

1. At least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or Not.
2. The Audit Committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
3. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the listed entity
4. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
Explanation. - For the purpose of this regulation, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.
5. The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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 exchange within one day of resolution plan being approved.
6. Selling, disposing and leasing of assets amounting to more than twenty 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 or under a resolution plan duly approved

