



**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

**OF**

**DMI FINANCE PRIVATE LIMITED**

### Document Review and Approval Revision

	Ver. No.	Summary of Change	Prepared/ Owned by	Reviewed by (Departmental Head)	Recommended by (Management Committee)	Further recommended by (Board Led Committee)	Approved by (Board of Directors)	Effective Date
1	1.0	Adoption of Policy	Company Secretary	Chief Compliance Officer	N.A.	Audit Committee in its meeting held on February 07, 2025	Board of Directors in its meeting held on February 14, 2025	February 14, 2025

### 1. **BACKGROUND:**

Pursuant to Regulation 16(1)(c) and 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued by Securities and Exchange Board of India ("**SEBI**") ("**SEBI LODR**") and Companies Act, 2013 including rules framed therein (as amended from time to time), the Board of Directors of DMI Finance Private Limited (**the "Company"**) has framed a Policy for determining Material Subsidiaries (**the "Policy"**).

### 2. **PURPOSE:**

The objective of this Policy is to determine the Material Subsidiaries of the Company and to provide the governance framework and oversee the functioning of such subsidiaries based on the applicable laws and regulations.

### 3. **DEFINITIONS:**

- i. "**Act**" means the Companies Act, 2013.
- ii. "**Audit Committee**" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. "**Independent Directors**" means a Director of the Company, not being in whole time employment and who is neither a Promoter nor belongs to the Promoter group of the Company and who satisfies the criteria for independence as prescribed under section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iv. "**Policy**" means Policy for determining "Material Subsidiaries".
- v. "**Material Subsidiaries**" means a subsidiary of the Company, whose 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.
- vi. "**SEBI LODR**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vii. "**Significant Transaction or Arrangement**" means 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.

### 4. **GOVERNANCE FRAMEWORK:**

- i. The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary.

- ii. 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 Company at regular intervals.
- iii. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

List of material non-listed subsidiaries of the Company will be placed before the Board on annual basis in the meeting in which the Annual Financial Statements are approved or in the next quarterly board meeting.

- iv. At least one independent director on the Board of Directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this provision, notwithstanding anything to the contrary contained in clause 3 above, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 20% (twenty percent) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- v. The Company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than 50 percent or the Company ceases the exercise of control over such subsidiary;

Such approval shall not be required if the disinvestment is:

- 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.

- vi. The Company shall obtain prior approval of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year;

Such approval shall not be required if the such sale, disposal, lease of assets is:

- 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.

- vii. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

**5. WEBSITE DISCLOSURE:**

This Policy shall be disclosed on the website of the Company.

**6. REVIEW OF THE POLICY:**

The Policy shall be amended or modified with approval of the Board. The Policy shall be reviewed by the Board as and when considered necessary and contingent upon any amendments introduced to the SEBI LODR.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

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