

Stardeck Finance Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Purpose and Scope:

The Company is required to formulate a policy for determining 'material' subsidiary in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

The Board of Directors of the Company has adopted the below mentioned policy for determining the material subsidiary and may review this policy periodically and may amend the same from time to time, as may be deemed necessary.

2. Definitions:

"Audit Committee" means the committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

"Control" shall have the same meaning as assigned to it under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Income" means the total revenue of the Company as per the latest audited financial statements.

"Net Worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

"Subsidiary" means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013.

3. Identification of Material Subsidiary:

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a. the income of the subsidiary exceeds 10% of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year;
or
- b. the net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year.

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4. Requirements with respect to subsidiary of listed company:

- a. 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 the above requirement, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

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

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. Restrictions on the Company with respect to material subsidiary:

The Board of Directors shall not, without the prior approval of the members by special resolution:

- a. Dispose of shares in material subsidiary that reduces the Company’s shareholding (either on its own or together with other subsidiaries) to less than 50% or ceases the exercise of Control over the material subsidiary;

Or

- b. Sell, dispose or lease out the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

Approval of members shall not be required for the above mentioned cases, if such 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.

6. Review to determine the Material Subsidiary:

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The Audit Committee shall review on an annual basis the criteria of materiality as per this Policy, applicable to Company's subsidiaries.

7. Disclosures:

This Policy will be disclosed on the Company's website and web link thereto shall be provided in the Annual Report of the Company.