

Hybrid Financial Services Limited

[Formerly known as Mafatlal Finance Company Limited]

Hybrid Financial Services Limited

Policy on Materiality of Subsidiary

OBJECTIVE

This Policy is framed as per the requirement of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

This Policy shall apply for determining a material subsidiary of the Company.

Definitions:

“**Act**” means The Companies Act, 2013 including the Rules, Schedules, Clarifications and Guidelines issued by The Ministry of Corporate Affairs from time to time.

“**Board of Directors or Board**” means the Board of Directors of Hybrid Financial Services Limited.

“**Company or HFSL**” means Hybrid Financial services Limited.

“**Policy**” means Policy for determining material subsidiary.

“**Material non-listed Indian Subsidiary**” means an un-listed subsidiary incorporated in India, whose income or net-worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated income or net-worth respectively, of the listed holding company and its subsidiary in the immediately preceding accounting year.

“**Significant material transactions or arrangement**” means:

A. in respect of wholly owned subsidiary - NIL

B. in respect of other subsidiaries higher of the following will be considered material transaction:

1. 10% of the Paid up Share capital per subsidiary
2. Rs. 100 Lacs per year per subsidiary

“**Subsidiary**” means subsidiary of the company as defined under the Act.

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POLICY AND PROCEDURE:

1. A subsidiary shall be considered a material subsidiary if it satisfies any one of the following conditions:
 - a. Investment of the Company in the subsidiary exceeds 20% of its consolidated net-worth as per the audited Balance sheet of the previous financial year or
 - b. If the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.
2. One independent director of the Company shall be appointed as a Director on the Board of material non-listed Indian subsidiary company.
3. The audit Committee of the Board shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
4. Minutes of the Board Meetings of the un-listed subsidiary company shall be placed before the Board of the Company.
5. The Management of the Company shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered in to by the un-listed subsidiary company with the Parent Company.

DISPOSAL OF MATERIAL SUBSIDIARY:

The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% 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.

DISCLOSURES:

The Policy shall be disclosed on the Company's website www.hybridfinance.co.in and a web link thereto shall be provided in the Annual Report.

AMENDMENTS TO THE POLICY:

The Board of Directors of the Company shall review and may amend this policy from time to time.

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Any or all provisions of this policy would be subject to the revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time, In case of any amendments (s), clarification (s), circulars (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc, shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendments(s), clarification(s) etc.