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EMA PARTNERS INDIA LIMITED

(formerly known as EMA Partners India Private Limited)

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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Policy for determining Material Subsidiaries
Version 01



Argentina, Brazil, Canada, Chile, China, Czech Republic, Denmark, Finland, France, Germany, HongKong, India, Italy, Japan, Mexico, Peru, Poland, Portugal, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, UAE, Ukraine, UK & USA

1. Background & Regulatory framework

EMA Partners India Limited (*formerly known as EMA Partners India Private Limited*) (“**Company**”), is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“**SEBI**”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”) lays out regulatory requirements for material subsidiary companies as well as unlisted subsidiaries. The Board of Directors (“**Board**”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“**Policy**”) in accordance with the provisions of Regulation 16(1)(c) of the Listing Regulations.

2. Objective

This Policy will be used to determine the material subsidiaries of the Company and to provide the governance framework for such subsidiaries as per the aforesaid regulations.

3. Definitions

- a. “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 the Listing Regulations.
- b. “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.
- c. “Material Subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- d. “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.
- e. “Subsidiary” shall be as defined under sub-section (87) of section 2 of the Companies Act, 2013 and the rules made thereunder.
- f. “Unlisted subsidiary” shall mean a subsidiary incorporated in or outside India which is not listed on the stock exchanges.

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All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

4. Determination of material subsidiary

Based on the audited annual consolidated financial statements of the Company and its subsidiaries, a subsidiary of the Company shall be treated as a ‘material subsidiary’ if:

- a. The turnover of such subsidiary exceeds ten per cent of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year (the year to which the financial statements pertain to); or
- b. The net worth of such subsidiary exceeds ten per cent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year (the year to which the financial statements pertain to).

Provided that in case of any change to the parameters of determination pursuant to any change in applicable law or interpretation thereof, the determining criteria mentioned above shall stand changed in accordance with the same.

5. Compliances in respect of the subsidiaries

Restriction on disposal of shares 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 or equal to fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment 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 and Bankruptcy Code, 2016 (“Insolvency Code”) and such an event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

Restriction on disposal of assets of material subsidiary

Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company 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 under section 31 of the Insolvency Code and such an event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

Review of financial statements

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

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Minutes of the meeting of Board of Directors

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.

Significant transaction or arrangement

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.

Disclosures

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

Where a Company has a listed subsidiary, which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

6. Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

7. Review

The Board will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

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