POLICY FOR DETERMINING MATERIAL SUBSIDIARY(IES)

STELLAR CAPITAL SERVICES LIMITED
CIN: L74899HR1994PLC076773
Registered Office: 402, 4th Floor Solitaire Plaza, M.G. Road, Gurgaon, Gurgaon, Haryana, India, 122002
Telephone No.: 8587000091; **E-mail:** stellarcapital@yahoo.in;
Website https:// www.stellarcapital.in;/

POLICY FOR DETERMINING MATERIAL SUBSIDIARY(IES)

1. Introduction:

The Securities and Exchange Board of India (SEBI) on 2 nd September,2015 issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Regulations") with the aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability and bringing the basic framework governing the regime of Listed Entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied SEBI Regulations/Circulars. In terms of Regulation 16(1)(c) of the Regulations, the Company was required to formulate and implement a policy for determining 'material' subsidiaries. The Board of Directors of Stellar Capital Services Limited (the "Company") had adopted the Policy for determining for Material Subsidiary (ies) and procedures with regard to determination of material subsidiary (ies) at their board meeting. At the time of formulating the Policy, the Company had no material subsidiaries and there was no immediate applicability. However, the Policy was devised in order to cater to the needs of the Company in future when the Company would have a material subsidiary (ies).

2. Objective:

The objective of this Policy is to set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

3. Definitions:

"Act" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"Audit Committee" means Committee constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

"Board of Directors" or "Board" means the Board of Directors of the Company, as constituted from time to time. "Company" means Stellar Capital services Limited. "Control" shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Independent Director" shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act, 2013, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"Insolvency Code" means Insolvency Code as defined under Regulation 2(1)(na) of SEBI (LODR) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"Material Subsidiary" shall have the meaning as stated in paragraph 4 of this Policy. "Net Worth" means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"Policy" means this Policy for determining Material Subsidiaries.

"Significant Transaction or Arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the i) total revenues; or ii) total expenses;

or iii) total assets; or iv) total liabilities; as the case may be, of the Unlisted Subsidiary for the immediately preceding accounting year.

"Stock Exchange" means BSE Limited and National Stock Exchange of India Limited.

"Subsidiary" shall be as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

"Unlisted Material Subsidiary" means a Material Subsidiary whose equity shares are not listed on any recognized stock exchange in India.

"Unlisted Subsidiary" means a Subsidiary whose equity shares are not listed on any recognized stock exchange.

4. Determination of Material Subsidiary:

A Subsidiary of the Company shall be considered as a 'Material Subsidiary', if the income or net worth of the Subsidiary exceeds 10 % of consolidated income or net worth respectively of the Company and its subsidiaries as per the audited financial statements of the immediately preceding financial year. The Company shall, on formation of a Subsidiary, at the end of every year, determine whether the Subsidiary falls under the criteria for Material Subsidiary as defined above. In case the Subsidiary falls under such criteria, the same is to be reported to the Board for its noting at the first instance.

5. Governance Framework:

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.

2. The minutes of the Board meetings of the Unlisted Subsidiary companies shall be placed at the Board Meeting of the Company.

3. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of unlisted Material Subsidiary, whether incorporated in India or not. For the purpose of the above mentioned point

3., the term "material subsidiary" means a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year .

The Company shall not:

i. 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 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 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.

ii. sell, dispose and lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without obtaining 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 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.

7. Effective Date

This Policy is effective from the date of approval of the same by the Board of Directors of the Company.

8. Disclosures:

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

9. Amendments:

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure the objective of good corporate governance.

10. Scope and Limitations:

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

****