POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Montecarlo Limited
CIN- U40300GJ1995PLC025082
Reg. Office: Montecarlo House, Sindhu Bhavan Road, Bodakdev,
Ahmedabad-380058.

1. **TITLE**

1.1 This policy shall be called the 'Policy for determining Material Subsidiaries'.

2. INTRODUCTION

2.1 The board of directors ("Board") of Montecarlo Limited ("Company") has adopted the following policy and procedures with regard to determination of "Material Subsidiaries" in order to comply with the requirements of Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Listing Regulations").

3. DEFINITIONS

3.1 "Audit Committee" Audit Committee means the committee formed under Section 177 of the Companies Act by the Board of the Company, from time to time.

3.2 "Companies Act" means the Companies Act, 2013 read with the rules thereunder, as amended.

3.3 "Independent Director" means an independent director referred to in Section 149(5) of the Companies Act.

3.4 "Material Subsidiary" means a Subsidiary shall be considered as Material Subsidiary if it fulfils the conditions for being classified as Material Subsidiary as mentioned in this Policy.

3.5 "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 Material unlisted Subsidiary for the immediately preceding financial year.

3.6 "Subsidiary" shall be as defined under the Companies Act.

4. POLICY

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

(a) net-worth of the subsidiary exceeds 10% of the Company's consolidated net-worth in the immediately preceding accounting year; or

(b) income of the subsidiary exceeds 10% of the Company's consolidated income in the immediately preceding accounting year.

4.2 In addition a material non listed Indian subsidiary of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit

Committee of the Company and the Board.

4.3 At least 1 (one) Independent Director of the Company shall be a director on the Board of the Material unlisted Indian Subsidiary company.

4.4 The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.

4.5 The minutes of the Board Meetings of the unlisted Subsidiary shall be placed before the Board of the Company.

4.6 The management shall periodically bring to the attention of the Board of the Company, a statement of all Significant Transactions and Arrangements entered into by a Material unlisted Subsidiary.

4.7 The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material unlisted Subsidiary.

5. DISPOSAL OF MATERIAL SUBSIDIARY

5.1 The Company, without the prior approval of the members of the Company by special resolution, shall not:

(a) 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 Material Subsidiary without passing a special resolution in its general meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a court/tribunal; or

(b) sell, dispose and lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without the prior approval of the shareholders by way of passing special resolution in its general meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by court/tribunal.

6. DISCLOSURES

6.1 The Policy for determining material subsidiaries is to be disclosed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

7. AMENDMENT

7.1 The Company reserves the right to amend or modify this policy in whole or in part, at any point of time.

List of Amendments:

1. *Through Board Resolution dated 17th May, 2019.*