POLICY ON MATERIAL SUBSIDIARIES

1. Introduction

The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof as required under the Listing Regulations.

2. Policy Objective

The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company, disclosure requirements, under the Listing Regulations, as amended, and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

"**Audit Committee**" or "**Committee**" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

"**Board of Directors**" or "**Board**" means the Board of Directors of **SUNSHINE CAPITAL LIMITED**, as constituted from time to time.

"**Independent Director**" means 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.

"**Policy**" means implies this policy on determination of Material Subsidiaries of the Company.

"**Material Subsidiary**" Implies a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"**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 "Significant Transaction or Arrangement Unlisted Subsidiary, for the immediately preceding accounting year.

"**Subsidiary**" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

4. Policy

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

   a. the networth of such a subsidiary exceeds 10% of its consolidated net worth as per the audited balance sheet of the immediately preceding financial year; or

   b. which has generated more than 10% of the consolidated income as per the audited Statement of Profit & Loss for the immediately preceding financial year, of the Company.

2. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Material Subsidiary Company.

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

4. The minutes of the Board Meetings of the Unlisted Material Subsidiary Companies shall be placed before the Board of the Company.

5. The management shall on a half yearly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the Unlisted Material Subsidiary Company

6. 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 Unlisted Material Subsidiary Company.

5. Disposal of Material Subsidiary or its Assets

The Company shall not, without the prior approval of the members by Special Resolution,:

a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or

b. ceases the exercise of control over the Subsidiary; or

c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the Material Subsidiary.

6. Disclosures

The Policy for determining material subsidiaries shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.