



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES
OF
MANAKSIA COATED METALS & INDUSTRIES LIMITED

This Policy shall be called 'Policy for determining Material Subsidiaries'.

OBJECTIVE:

This Policy is framed in accordance with the requirement of Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (*'Listing Regulation'*) the same was initially approved by the Board of Directors of the Company at its meeting held on 16th May, 2016 and revised on 13th February, 2019.

The Policy aims to provide a framework for determining material subsidiaries of Manaksia Coated Metals & Industries Limited ('MCMIL' or 'the Company') and to provide the governance framework for such subsidiaries.

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 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

DEFINITIONS:

"Board" means the Board of Directors of Manaksia Coated Metals & Industries Limited

"Company" means Manaksia Coated Metals & Industries Limited

"Material non-listed Subsidiary" shall mean an unlisted subsidiary, whether incorporated in India or not, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

“Material Subsidiary” means a subsidiary company, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Policy” means this Policy, as amended from time to time.

“Significant Transaction or Arrangement” any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

“Subsidiary Company” or “Subsidiary” in relation to any other company (that is to say the holding company), means a company in which the holding company:

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause,—

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression "company" includes any body corporate;
- (d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, 2013 or Rules made thereunder, Securities and Exchange Board of India Act, 1992 or Rules and Regulations made thereunder or any other relevant legislation/law applicable to the Company.

IDENTIFICATION OF MATERIAL SUBSIDIARY COMPANY:

A subsidiary shall be considered as material if:

- a) the net worth of the subsidiary, exceeds 10 per cent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year or,
- b) if the income of the subsidiary exceeds 10 per cent of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year.

GOVERNANCE FRAMEWORK WITH RESPECT TO MATERIAL SUBSIDIARY:

- a) At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary company whether incorporated in India or not.

For the purpose of this sub-clause “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- b) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c) The minutes of the Board meetings of the unlisted subsidiary company shall be placed before the Board of the Company.

The management of the unlisted subsidiary shall periodically 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 subsidiary.

Explanation: The term “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.

- d) The unlisted material subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a Company Secretary in practice, in such form as may be specified with effect from the year ended 31st March, 2019.

COMPLIANCES WITH RESPECT TO MATERIAL SUBSIDIARY COMPANY:

- a) 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 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.
- b) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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.

DISCLOSURE:

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

REVIEW & AMENDMENT:

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.

In case of any subsequent changes in the provisions of the Listing Regulations or the Companies Act, 2013 which makes any of the provisions in the policy inconsistent with the Listing Regulations or the Companies Act, 2013, then the provisions of the Listing Regulations or the Companies Act, 2013 would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.