

**Policy for Determining
Material Subsidiaries of
Monnet Ispat & Energy Limited**

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| Title | Policy for determining Material Subsidiaries |
| Version Number | 1.1 |
| Effective Date | May 15, 2015 |
| Authorised By | Board of Directors |
| Last amended | 27.03.2019 |

LEGAL FRAMEWORK

The clause 16 (1)(c) and 46 2(h) and schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) extends certain principles of Corporate Governance to material subsidiaries of listed companies.

The Board of Directors of Monnet Ispat & Energy (the “Company”) is obliged to formulate a policy and procedure with regard to determination of “Material Subsidiaries” to comply with the afore stated requirements for such material subsidiaries.

DEFINITIONS

1. **“Act”**
Act means Companies Act, 2013 & Rules made thereunder and any amendments thereto.
2. **“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of SEBI Listing Regulations and the Act.
3. **“Board”** means the Board of Directors of the Company as constituted from time to time.
4. **"company"** means a company incorporated under this Act or under any previous company law;
5. **"Financial Year"**, in relation to any company or body corporate, means the period ending on the 31st day of March every year, and where it has been incorporated on or after the 1st day of January of a year, the period ending on the 31st day of March of the following year, in respect whereof financial statement of the company or body corporate is made up (section 2(41) of the Act)
6. **“Holding Company”**
Holding company in relation to one or more other companies, means a company of which such companies are subsidiary companies.

the expression "company" includes anybody corporate.
7. **“Independent Director”** means 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 satisfies the criteria of Independence under the Act and SEBI Listing Regulations.

8. “Subsidiary Company”

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;

Explanation- For the purpose of this definition —

- a. A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in clause (i) or (ii) above 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

9. “Material unlisted subsidiary”

It shall mean an unlisted subsidiary, incorporated in India or not, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed company & its subsidiaries in the immediately preceding accounting year.

10. “Material Subsidiary”

A subsidiary shall be considered as material if whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed company & its subsidiaries in the immediately preceding accounting year.

11. "Net Worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation (section 2(57) of the Act)

12. “Policy” means Policy on for determining Material Subsidiaries

13. “Significant transaction or arrangement”

It 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.

14. "Audit Committee"

Audit Committee means the committee formed under Section 177 of the Companies Act, 2013 read with applicable provisions of SEBI Listing Regulations.

CLASSIFICATION OF MATERIAL SUBSIDIARIES

The Company shall classify the subsidiaries of the Company as "material subsidiary", if any, in following cases and the following intervals:

- a) At the time of a Company or body corporate becoming a subsidiary by way of making investments or by any mode
- b) On completion of each Financial Year.

PROVISION WITH REGARD TO SUBSIDIARY COMPANIES

- (a) The Audit Committee of the listed holding company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;
- (b) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company;
- (c) The management shall periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;
- (d) Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

Nothing contained in this clause, shall apply to a case: -

- Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
 - Where the subsidiary company holds such shares as a trustee; or
 - Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.
- (e) The Company shall not directly / indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
 - (f) The Company shall include particulars of its subsidiary companies in its annual return;
 - (g) The Board's Report of the Company shall contain the highlights of performance of subsidiaries and their contribution to the overall performance of the Company during the period under report.

- (h) The Company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;
- (i) The Company shall, along with its financial statements to be filed with Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;
- (j) The Company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the company, who asks for it.

PROVISIONS WITH REGARD TO MATERIAL UNLISTED SUBSIDIARY & MATERIAL SUBSIDIARY COMPANIES

- (a) At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a **material unlisted subsidiary** company;
- (b) 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;
- (c) The Company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the **material subsidiary** on an aggregate basis during a financial year unless prior approval of shareholders by way of special resolution in its General Meeting is obtained except in case 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;

AMENDMENT

The Board of Directors may review or amend this policy, in whole or in part, from time to time as per the requirement of the Act or any other statute.

DISCLOSURES

The material subsidiaries policy shall be disclosed on the Company's website & a web link thereto shall be provided in its Annual Report.
