



**SUJANA METAL PRODUCTS LIMITED**

*Registered Office: No.18, Nagarjuna Hills, Panjagutta, Hyderabad - 500 082*

**POLICY**

**FOR**

**DETERMINING**

**MATERIAL SUBSIDIARY**



## **SUJANA METAL PRODUCTS LIMITED**

*Registered Office: No.18, Nagarjuna Hills, Panjagutta, Hyderabad - 500 082*

### **TABLE OF CONTENTS**

<b>S.NO</b>	<b>DETAILS</b>	<b>PAGE NO</b>
<b>1</b>	<b>Preamble and applicability</b>	<b>2</b>
<b>2</b>	<b>Definitions</b>	<b>2</b>
<b>3</b>	<b>Basis of determining Material Subsidiary</b>	<b>2</b>
<b>4</b>	<b>Policy &amp; Procedure</b>	<b>3</b>
<b>5</b>	<b>Policy Review</b>	<b>3</b>
<b>6</b>	<b>Board's approval</b>	<b>3</b>



## **SUJANA METAL PRODUCTS LIMITED**

*Registered Office: No.18, Nagarjuna Hills, Panjagutta, Hyderabad - 500 082*

### **1. Preamble and Applicability**

This Policy has been formulated in accordance with the current guidelines laid down by Securities Exchange Board of India ("SEBI"), under Regulation 16(1)(c) and 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), with respect to "Policy for Determining Material Subsidiary"

This Policy will be applicable to the Company effective December 1, 2015.

### **2. Definitions**

(i) "Act" means Companies Act, 2013 including any statutory modification or re-enactment thereof

(ii) "Subsidiary Company" as defined under clause 2(87) of the Act

(iii) "Holding Company" as defined under clause 2(46) of the Act

(iv) "SMPL" means Sujana Metal Products Limited

(v) The term "material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

(vi) The term "significant transaction or arrangement" shall mean shall mean 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 material subsidiary for the immediately preceding accounting year.

### **3. Basis of Determining Material Subsidiary**

This Policy lays down the basis of determining Material Subsidiaries of SMPL and related issues as specified in the Regulation 24 of the Listing Regulations.

"Material Subsidiary" as defined under Regulation 16(1)(c) of Listing Regulations, shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year



#### **4. Policy & Procedure**

- (1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.
- (2) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- 3) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
- (4) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- (5) A listed entity shall not 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 fifty percent 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.
- (6) 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.

#### **5. Policy Review**

This policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

#### **6. Boards' approval**

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued on September 2, 2015, the Board of Directors of the Company in its meeting held on November 14, 2015 approved the "Policy for Determining Material Subsidiary".