



# MONOMARK ENGINEERING (INDIA) LIMITED

## POLICY ON DETERMINATION OF MATERIAL SUBSIDIARY

### 1. PREAMBLE

This policy shall be called the "Policy on determination of Material Subsidiary of Monomark Engineering (India) Limited ("**Company**")". This policy has been formulated in accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Herein after referred as "**Listing Regulations**"), which requires every listed company to formulate a policy for determining "**Material Subsidiary**". This Policy has been prepared and adopted in accordance with the SEBI Listing Regulations. This Policy will be applicable to the Company effective from the date of listing of the equity shares of the Company on the stock exchange(s).

### 2. OBJECTIVE

The purpose or objective of forming the policy is to determine:

- a) Meaning of Material Subsidiary;
- b) Restriction on disposal of shares of Material Subsidiary by the Company;
- c) Restriction on transfer of assets of Material Subsidiary; and
- d) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

### 3. DEFINITIONS

3.1. Unless repugnant to the meaning or context thereof, the following expressions, wherever used in this policy, shall have the meaning assigned to them below:

- i. "**Act**" means Companies Act, 2013 & rules made thereunder.
- ii. "**Audit Committee or Committee**" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of the Act and Regulation 18 of the SEBI Listing Regulations.
- iii. "**Board of Directors or Board**" shall mean the Board of Directors of the Company.
- iv. "**Control**" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in

concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

v. **"Independent Director"** means a non-executive director of the Company other than nominee director and who satisfies other criteria for independence under section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations.

vi. **"Material Subsidiary"** **"Significant transaction or arrangement"** means 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.

vii. **"Subsidiary(ies)"** shall be as defined under sub-section (87) of section 2 the Act and the rules made thereunder.

3.2. Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation.

#### 4. IDENTIFICATION

4.1. The Audit Committee of the Company shall also review the financial statements, in particular the investments made by the unlisted Subsidiary;

4.2. The minutes of the Board meetings of the unlisted Subsidiary shall be placed at the Board meeting of the Company;

4.3. 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, whether incorporated in India or not.

*Explanation:* For the purpose of this clause 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 Company and its Subsidiaries in the immediately preceding accounting year.

4.4. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant transactions or arrangements entered in to by the unlisted Subsidiary;

#### 5. DISPOSAL

5.1. 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 or equal to fifty percent or cease the exercise of control over the Subsidiary without passing a special resolution in general meeting;

Such approval shall not be required if the disinvestment is:

a) under a scheme of arrangement duly approved by a Court/Tribunal, or

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b) 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.

5.2. Company shall not sell, disposal & lease of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution;

Such an approval shall not be required if such sale/disposal/lease of assets is:

a) under a scheme of arrangement duly approved by Court/Tribunal,

b) 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.

5.3. Every material unlisted Subsidiary of the Company incorporated in India shall undertake secretarial audit and shall annex Secretarial Audit Report, given by a Company Secretary in practice, in such form as may be specified in the annual report of Company.

## 6. REVIEW AND AMENDMENT

The policy would be reviewed on annual basis by the Board of Directors of the Company. In case, there are any regulatory changes requiring modifications to the policy, the policy shall be reviewed and amended with due approval from the Board of Directors. However, the amended regulatory requirements will supersede the existing policy till the time policy is suitably amended.

## 7. COMPLIANCE RESPONSIBILITY

The Compliance Officer of the Company shall ensure the compliance of this policy and shall have the power to ask for any information or clarifications from the management in this regard.

## 8. DISCLOSURE OF EVENTS OR INFORMATION

The Company shall disclose all events or information with respect to Subsidiaries, which are material for the Company as per Regulation 30(9) of the Listing Regulation.

## 9. WEBSITE

The Policy for determining material subsidiaries shall be uploaded on the website of the Company as per Regulation 46(2)(h) of the SEBI Listing Regulations and shall be disclosed in such other way as per the requirement of provisions of law in force. A web link thereto shall be provided in the annual report.

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