

## **SYBLY INDUSTRIES LIMITED**

Policy for determining Material Subsidiaries

**(In compliance with revised clause 49 of the Listing Agreement)**

### **1. Title:**

This Policy shall be called “Policy for determining Material Subsidiaries” (“Policy”).

### **2. Objective & Effective Date of the Policy:**

This Policy is framed in accordance with the requirements of Clause 49(V)(D) of the Listing Agreement (including any amendments thereof) to be effective from 1<sup>st</sup> October 2014 and is intended to ensure governance of the Company’s material subsidiary companies.

The Board of Directors (the “Board”) of the Company has adopted the following policy with regard to the determination of its Material Subsidiaries (Material Subsidiaries has been defined below).

The Company is required to disclose the Policy on its website and a web link thereto shall be provided in the Annual Report.

### **3. Definitions:**

“**Act**” means Companies Act, 2013 including any statutory modification or re-enactment thereof.

“**Board of Director**” or “**Board**” means the Board of Directors of the Sybly Industries Ltd., as constituted from time to time.

“**Company**” means Sybly Industries Limited.

“**Holding Company**” means Holding Company as defined under Section 2(46) of the Act.

“**Independent Director**” means an Independent Director as defined in Section 2(47) of the Act read with clause 49(II)(B) of the Listing Agreement entered by the Company with the Stock Exchanges and as may be amended from time to time.

“**Policy**” means this Policy on Material Subsidiaries and as may be amended from time to time.

“**Subsidiary Company / Subsidiary**” means Subsidiary Company/Subsidiary as defined under Section 2(87) of the Act and the Rules made there under.

### **4. Criteria for determining Material Subsidiary / Material non-listed Indian Subsidiary:**

- i. A subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year. (“**Material Subsidiary**”).

- ii. A “material non-listed Indian subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Listed Holding Company and its subsidiaries in the immediately preceding accounting year.

**Compliance :**

At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a *material non-listed Indian subsidiary company*.

**5. Disposal of Material Subsidiary / Assets of Material Subsidiary:**

- i. The Company shall not dispose of shares in its material subsidiary which would reduce the Company’s 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 the General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- ii. The Company shall not sell, dispose and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year unless it obtains the prior approval of shareholders by way of special resolution, except where the sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

**6. Review of Significant transaction and arrangements entered into by Unlisted Subsidiary Company:**

The management should 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 company.

For the purpose of this sub-clause, 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 material unlisted subsidiary for the immediately preceding accounting year.

**7. Amendments:**

The Board shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new Policy.

**8. Interpretation:**

Any words used in the Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and regulations made there under, Listing Agreement or any other relevant legislation/ law applicable to the Company.