

# INDIAN METALS & FERRO ALLOYS LIMITED

## POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

### 1. Preface

Policy for determining 'material' subsidiaries ("the Policy") has been formulated in accordance to Regulation 16 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time.

### 2. Definitions

The definitions of some of the key terms used in this Policy are given below.

- A. **"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 share capital either on 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.
- B. **Material Subsidiary:** A subsidiary shall be considered as 'material' if its income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the company and its subsidiaries as per the audited financials of the immediately previous financial year.

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## 3. Process

If any subsidiary is found to be 'material', the company should comply the followings:

- (a) Based on its audited consolidated balance sheet, in each financial year the company would identify the subsidiaries which would get covered under the definition of material subsidiary and material non listed Indian subsidiary.
- (b) The company will 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 under a scheme of arrangement duly approved by a Court/Tribunal.
- (c) The Company would take require prior approval of shareholders by way of special resolution before selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on a aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
- (d) The Company would ensure, that at least one of its independent Director would also be a director on the Board of directors of a material un-listed Indian subsidiary Company

## 4. Amendment

The Board may amend or modify this Policy in whole or in part, from time to time.