

**SK MINERALS & ADDITIVES LIMITED**

**POLICY FOR DETERMINING  
MATERIAL SUBSIDIARY**

## 1. **BACKGROUND**

- 1.1. The Policy for determining ‘material’ subsidiary companies has been framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries. All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.
- 1.2. Regulation 16(1)(c) read with Regulation 46(2)(h) of the SEBI Listing Regulations requires the Company to formulate a policy for determining ‘material’ subsidiary and publish such policy on its website.

## 2. **POLICY OBJECTIVE**

The objective of this Policy is to determine the Material Subsidiaries (defined herein below) of SK Minerals & Additives Limited (formerly SK Minerals & Additives Private Limited) (“**the Company**”) and to provide good corporate governance framework of such subsidiaries in compliance with the applicable regulatory requirements..

## 3. **DEFINITIONS**

- 3.1. “**Act**” means the Companies Act, 2013.
- 3.2. “**Audit Committee**” or “**Committee**” means the Audit Committee duly constituted by the Board of Directors of the Company, from time to time, in accordance with the provisions of SEBI Listing Regulations and the Companies Act, 2013.
- 3.3. “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.
- 3.4. “**Company**” means SK Minerals & Additives Limited.
- 3.5. “**Independent Director**” means a Director of the Company, not being a Whole-Time Director or Nominee Director and who satisfies other criteria for independence in accordance with the applicable provisions under the Companies Act, 2013 and SEBI Listing Regulations.
- 3.6. “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof.
- 3.7. “**Policy**” means this Policy on material subsidiaries.
- 3.8. “**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 10% (Ten Percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 3.9. “**Material Unlisted Subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated

income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- 3.10. **“Net Worth”** means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013.
- 3.11. **“Significant transaction or arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (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.
- 3.12. **“Subsidiary(ies)”** shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.
- 3.13. **“Unlisted Subsidiary”** means a subsidiary whose securities are not listed on any recognized Stock Exchanges.

All words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars issued thereunder, as amended from time to time.

#### **4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY**

A Subsidiary shall be a Material Subsidiary, if any one of the following conditions are satisfied:

- 4.1. If the income of the subsidiary exceeds 10% (Ten Percent) of its consolidated income of the Company and its subsidiaries in the immediately preceding accounting year; or
- 4.2. If the net worth of the subsidiary exceeds 10% (Ten Percent) of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year.

#### **5. GOVERNANCE FRAMEWORK FOR THE MATERIAL SUBSIDIARY(IES)**

- 5.1. If any subsidiary is found to be ‘material’, the Company should comply the following:
  - 5.1.1. The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with subsidiaries) to less than or equal to 50% (Fifty Percent) or cease the exercise of control over the Material 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within 01 (One) day of the resolution plan being approved.
  - 5.1.2. The Company shall not sell, dispose of and lease any assets amounting to more than 20% (Twenty Percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year, without prior approval of Shareholders by way of special resolution. However, the said approval is not required if the sale/ disposal/ lease is made under a scheme of arrangement duly approval by a Court/ Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within 01 (One) day of the resolution plan being approved.

5.1.3. Where a listed subsidiary of the Company is itself a holding company of a Material Subsidiary, the provisions of this Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

5.2. At least 01 (One) Independent Director of the Board of the Company shall be a Director on the Board of Directors of an unlisted material subsidiary [as defined below for the purpose of this], whether incorporated in India or not.

[For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of the SEBI Listing Regulations and this Policy, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (Twenty Percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.]

5.3. The Company shall comply with such other requirement in relation to unlisted Material Subsidiary as may be mandated under the Act and/ or SEBI Listing Regulations, from time to time.

5.3.1. The Company shall disclose events or information as covered under Regulation 30 of the SEBI Listing Regulations with respect to subsidiaries, which are material for it.

5.3.2. The Audit Committee of the Company shall review the financial statements, particularly the investments made by the unlisted Material Subsidiary.

5.3.3. The minutes of the meeting of the Board of Directors of the unlisted Material Subsidiary shall be placed at the meeting of the Board of Directors of the Company.

5.3.4. The management of the unlisted Material Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of Significant transaction or arrangement entered into by the unlisted Material Subsidiary.

5.3.5. Every Material Unlisted Subsidiary incorporated in India shall undertake a secretarial audit, and the audit report shall be annexed with the annual report of the Company.

## **6. DISCLOSURE**

This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report of the Company.

## **7. AMENDMENT**

The Board may amend or modify this Policy in whole or in part, from time to time. If, due to subsequent changes in the Act and/ or the SEBI Listing Regulations, any part of this Policy thereof becomes inconsistent with the Act and/ or the SEBI Listing Regulations, the provisions of the Act and/ or the SEBI Listing Regulations shall prevail.

## **8. DISSEMINATION OF THE POLICY**

This Policy and any amendments thereto shall be published/ posted on the website of the Company.

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