



SKY INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

PREFACE

Policy For Determination of Material Subsidiary is framed pursuant to Regulations 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PURPOSE

The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company.



1. DEFINITIONS

All words and expressions used herein, unless defined herein, shall have the same meanings as respectively assigned to them, in the Applicable Law under reference.

Applicable Law' includes (a) the Companies Act, 2013 (the Act) including Companies (Amendment) Act, 2017 and rules made thereunder; (b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations); (c) Indian Accounting Standards; and (d) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

2. IDENTIFICATION OF MATERIAL SUBSIDIARY

- 2.1. A subsidiary shall be considered as “material”, if its **income or net worth exceeds ten percentage** of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.
- 2.2. The Company shall annually obtain a certificate from its Statutory Auditors to assess which of its subsidiary companies can be deemed to be a material subsidiary company and the said certificate shall be placed before the meeting of the Board of the Directors of the Company.

3. COMPLIANCES RELATED TO SUBSIDIARIES

3.1. Material Subsidiary (Whether Listed Or Not)

The Company shall not –

- a) 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 or
- b) 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

without the approval of the Shareholders by way of special resolution in its General Meeting except in cases where such divestment for clause (a) above or sale/ disposal/Lease for clause (b) above is made under a scheme of arrangement duly approved by a Court/Tribunal, or ²[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.]

3.2. Material Unlisted Subsidiaries

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.



[For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or networth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year].

3.3. All subsidiaries

- a) Board Minutes of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.
- b) Audit Committee shall review the financial statements, in particulars, the investments made by the unlisted subsidiary.
- c) The management of the Unlisted Subsidiary Company shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by unlisted subsidiary.

4. DISCLOSURES

As mandated under the Listing Regulations, the Company shall disclose this Policy on its website of the Company and a web link thereto shall be provided in its Annual Report.

5. AMENDMENTS

- 5.1. Any modification in the policy on account of change in prevailing regulations will be carried out immediately, without any formal approval and will be informed to all concerns.
- 5.2. Any other modifications will be carried out only with the previous approval of Board,
