

**POLICY FOR DETERMINING**  
**MATERIAL SUBSIDIARY**  
**COMPANIES**

**Manjeera Constructions Limited**

**Regd. Office: # 304 Aditya Trade Centre, Aditya Enclave Road,  
Ameerpet Hyderabad – 500 038**

Approving Authority:	Board of Directors of the Company
Original Issue Date:	12 <sup>th</sup> February, 2015
Policy Making Body:	Board of Directors
Effective Date:	12 <sup>th</sup> February, 2015
Review Cycle:	Annually or as recommended by the Board

## **INDEX**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page Nos.</b>
1.	Part A - Intent and Content	4
2.	Part B – Material Subsidiary Company	5
3.	Part C – Compliances	7
4.	Part D – Governance Structure	8
5.	Part E - Disclosure	9

## **PART – A**

### **INTENT AND CONTENT**

Manjeera Constructions Limited a listed company (“**the Company**” or “**MCL**”) on BSE and MSE incorporated on 02.03.1987 under the Companies Act, 1956 (Corporate Identity Number: L45200AP1987PLC007228). The provisions of the Listing Agreements for equity shares are applicable and binding on it.

In terms of the revised Clause 49 V D of the Listing Agreements relating to Corporate Governance, the company is required to formulate and adopt a policy to determine ‘Material Subsidiaries’ setting out the manner in which certain transactions with regard to such material subsidiaries may be conducted.

Whilst, in the erstwhile Clause 49 of the Listing Agreements, compliances relating to material subsidiaries was restricted to unlisted Indian subsidiary companies, inter alia requiring the listed holding company to nominate one of its independent directors on the board of its material unlisted Indian subsidiary company, which the Corporation has complied with.

Securities and Exchange Board of India (SEBI) has whilst prescribing the criteria for determining material subsidiary companies, has mandated that this policy covers both listed and unlisted subsidiary companies of a listed holding company and requires it to undertake certain transactions subject to approval of its shareholders by means of a special resolution.

Accordingly, the Board of Directors of the Company has formulated and adopted this Policy for determining Material Subsidiary Companies and related compliances stated hereinafter.

The Board of Directors shall have the authority to issue such guidance and clarifications as may be deemed necessary for the implementation of this Policy and are authorized to delegate said powers to any of the officer(s) of the Corporation.

This Policy shall be effective from 12<sup>th</sup> February, 2015. This Policy may be amended, pursuant to the recommendation of the Executive Management and subject to the approval of the Board of Directors of the Company.

All words and expressions used in this Policy shall have the same meaning as assigned to them in the Companies Act, 2013, Rules made there under and/ or Clause 49 of the Listing Agreements, as amended, from time to time.

## **PART – B**

### **MATERIAL SUBSIDIARY COMPANY**

#### **SUBSIDIARY COMPANY:**

Section 2(87) of the Companies Act, 2013 defines a “subsidiary company” or “subsidiary”, in relation to any other company (that is to say the holding company), as 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 at 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;

Accordingly, the Company, as on date, has 2 subsidiary companies i.e. Manjeera Retail Holdings Pvt. Ltd. & MTM Estates and Properties Pvt. Ltd.

The audited annual financial statements of each of the said subsidiary companies have been adopted by its shareholders at their annual general meetings in accordance with the relevant provisions of the Companies Act, 2013 and Rules made thereunder and filed with the concerned statutory/ regulatory authorities.

### **CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARY:**

In terms of Clause 49 V E of the Listing Agreements, a subsidiary company of the Company shall be considered as 'material', if:

- a. the investment of the Company in any subsidiary of the Company exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the Company of the previous financial year; **or**
- b. any subsidiary company of the Company has generated twenty per cent of the consolidated income of the Company during the previous financial year.

It is further clarified that where the Company has a listed subsidiary which itself is a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

In terms of this Policy, it shall be the responsibility of the Company to ascertain which of its subsidiary companies can be deemed to be a Material Subsidiary Company for the purpose of Clause 49 V D of the Listing Agreements relating to Corporate Governance and ensure adherence to the relevant provisions stated therein.

Such affirmation shall be obtained by means of a certificate issued by the Statutory Auditors of the Company and placed at the subsequent meeting of the Board of Directors, for its noting.

## **PART – C**

### **COMPLIANCES**

#### **DIRECTORSHIPS:**

In terms of the provisions of Clause 49 V A of the Listing Agreements, the holding company shall appoint any one of its independent directors as a director on the board of its material non listed Indian subsidiary company.

For the purpose of this requirement, a material non-listed Indian subsidiary company shall mean an unlisted subsidiary company, 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 Company and that of its subsidiaries, in the immediately preceding accounting year.

Such affirmation shall be obtained by means of a certificate issued by the Statutory Auditor of the Company and placed at the subsequent meeting of the Board of Directors, for its noting.

The Board shall based on such certification, nominate any of one of its independent directors on the Board of such material unlisted Indian subsidiary company. Details thereof shall be disclosed in the report on corporate governance of the Company.

#### **DEALINGS RELATING TO MATERIAL SUBSIDIARY COMPANIES:**

In terms of Clause 49 V F of the Listing Agreements, the Company is prohibited from executing the following transactions, unless prior approval of its shareholders is obtained by means of a special resolution.

- a. dispose the shares held in its material subsidiary company which would reduce its shareholding (either on its own or together with one or more of its other subsidiaries) to less than 50%, except in case where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal; or
- b. cease to exercise the control over the material subsidiary company except in case where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal; or
- c. sell, dispose or lease the assets of such material subsidiary company amounting to more than 20% of its assets of the material subsidiary on an aggregate basis during a financial year except in case where such sale, disposal or lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

## **PART – D**

### **GOVERNANCE STRUCTURE**

In order to comply with the provisions set out in sub-clauses (a) and (b) of Part C, the Company shall periodically review and monitor its shareholding in the concerned material subsidiary company and any changes thereof pursuant to any divestment or corporate action or restructuring, resulting in reduction in the shareholding of the Company.

In order to comply with the provisions set out in sub-clause (c) of Part C, the Company shall endeavour to periodically call for and review information relating to assets of such material subsidiary company and changes thereof pursuant to any sale or divestment or transfer or alienation of the assets of such material subsidiary company in any manner whatsoever, resulting in reduction of its assets below the aforementioned limits.

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 for the purpose of this clause and the said certificate shall be placed before the Board of Directors of the Company, for its noting.

All consequential and collateral compliances under Clause 49 of the Listing Agreements relating to material subsidiary companies shall be subject to the review and approval of the Board, especially with regard to the matters specified in Part C of this Policy.



**PART – E**

**DISCLOSURES**

Appropriate disclosures relating to material subsidiary companies in terms of Clause 49 of the Listing Agreements shall be made in the Annual Report and in case the approval of the shareholders of the Company is required for any of the matters as stated in this Policy, relevant details shall be disclosed in the notice and explanatory statement, in accordance with the relevant provisions of the Companies Act, 2013 and Rules made thereunder.

As mandated under Clause 49 V D, the Company shall disclose this Policy on Material Subsidiary Companies on its website i.e. [www.manjeera.com](http://www.manjeera.com) and a web link shall be provided in its Annual Report.