



# SILLY MONKS ENTERTAINMENT LIMITED

## POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

**Silly Monks Entertainment Limited**

**CIN: L92120TG2013PLC090132**

**Registered Office:** 301, Ektha Pearl, 2-17-89, B P Raju Marg, Kothaguda, Kondapur,  
Hyderabad – 500084, Telangana, India

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## Policy for Determining Material Subsidiaries

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### **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

#### **1. Preamble and Applicability**

The policy is framed by the Company pursuant to Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to ensure compliance with the applicable provisions of the Listing Agreement. This policy shall come into effect from 27<sup>th</sup> May, 2020.

#### **2. Definitions**

- (i) **“Act”** means Companies Act, 2013 including any statutory modification or re- enactment thereof;
- (ii) **“Subsidiary Company”** as defined under clause 2(87) of the Act;
- (iii) **“Holding Company”** as defined under clause 2(46) of the Act;
- (iv) **“SillyMonks”** means Silly Monks Entertainment Limited;
- (v) **“Material Subsidiary”** shall mean an unlisted subsidiary, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of SillyMonks and its subsidiaries in the immediately preceding accounting year;
- (vi) **“Material Related Party Transactions”** A transaction with a related party shall be considered Material if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company;
- (vii) **“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to 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 unlisted subsidiary for the immediately preceding accounting year.

#### **3. Basis of Determining Material Subsidiary**

This Policy lays down the basis of determining Material Subsidiaries of SillyMonks and related issues as specified in the provisions of Regulation 16(c) of SEBI (LODR) Regulations, 2015. A Subsidiary shall be considered as material if its income or net worth exceeds 10% of the

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

Provided, for the purpose of appointing at least one Independent Director on the BOD of the material subsidiary, 'material subsidiary' shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of SillyMonks and its subsidiaries during the immediately preceding accounting year.

### **4. Policy & Procedure**

- a) At least one independent director on the Board of Directors of SillyMonks, the Holding Company, will be appointed as a director on the Board of Directors of an unlisted material subsidiary whether incorporated in India or not, as and when applicable.
- b) SillyMonks will not dispose of shares in its material subsidiary which would reduce SillyMonks 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 made under a Scheme of Arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved u/s 31 of the Insolvency Code and such event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.)
- c) Prior approval of the Shareholders of SillyMonks by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets amounting to more than 20% of the material subsidiary on an aggregate basis during the financial year (exception being if the sale/ disposal/lease is made under a Scheme of Arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved u/s 31 of the Insolvency Code and such event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- d) Minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of SillyMonks.
- e) The management of SillyMonks should periodically bring to the attention of the Board of Directors of SillyMonks, a statement of all significant transactions and arrangements entered into by a material unlisted subsidiary company.

### **5. Amendments to the Policy**

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc., on the subject as may be issued by relevant statutory authorities, from time to time.

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### **6. Interpretation**

Any words used in this 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, SEBI (LODR) 2015 or any other relevant legislation / law applicable to the Company.

### **7. Disclosures(s)**

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. The Company shall disclose the policy on dealing with Related Party Transactions and material subsidiary on its website and also in the Annual Report.

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