

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **Title**

This Policy shall be called 'Policy for determining Material Subsidiaries'.

### **Objective**

- a. This Policy is framed in accordance with the requirement of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended from time to time and is intended to ensure governance of material subsidiary companies.
- b. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

### **Definitions**

- a. "Board" means the Board of Directors of Techindia Nirman Limited.
- b. "Company" means Techindia Nirman Limited.
- c. "Policy" means this Policy, as amended from time to time.
- d. "subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013

### **Policy**

#### **Material Subsidiary**

A subsidiary shall be considered as material if its income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

#### **Governance Framework**

All Subsidiaries:

- a) Minutes of the Board Meetings of all Indian Subsidiaries shall be placed before the Board of Directors of the Company;
- b) A statement of all significant transactions and arrangements entered into by the Subsidiaries during the quarter shall be brought to the attention of the Board of Directors of the Company on a quarterly basis;
- c) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiaries on annual basis;

- d) All transactions between Company, its subsidiaries and their related parties shall be entered into in accordance with Related Party Transactions Policy of the Company.

**Material Subsidiary:**

- e) List of material subsidiaries shall be placed before the Audit Committee of the Company on an annual basis;
- f) At least one independent Director on the Board of the Company shall be appointed as a Director on the Board of unlisted material subsidiary whether incorporated in India or not; Provided that for the purpose of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- g) The Company shall not without the prior approval of the Shareholders by way of Special resolution:
- Dispose off shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary 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 one day of the resolution plan being approved.
  - Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary unless the sale / disposal / lease 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 one day of the resolution plan being approved.

**Responsibility**

The Audit Committee shall review the list of Material Subsidiary and make suitable recommendations, including recommendation for appointment of Independent Director on the Board of Material Subsidiary.

**Amendments**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

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. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

## **Interpretation**

Any words used in this policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.

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