



TECHNOCRAFT VENTURES LIMITED

(Formerly known as M/s Technocraft Construction Private Limited)

ISO 4500:2018 | ISO 14001:2015 | ISO 9001:2015 Certified

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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1. Introduction

The Board of Directors of Technocraft Ventures Limited (the “**Company**”) has framed this policy for determining material subsidiaries (“**Policy**”) in terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 (the “**Listing Regulations**”) and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2015 (the “**ICDR Regulations**”).

2. Effective Date

The Policy shall be effective from the date the Listing Regulations are effective with respect to the Company.

3. Objectives and Purpose

The purpose of this Policy is to lay down the criteria for identification of Material Subsidiary(ies) (*as defined below*) as required under the Listing Regulations. The Policy also intends to ensure the governance of a Material Subsidiary of the Company by complying with directorship requirements, reviewing financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

4. Definitions

- 4.1. Except where context otherwise requires, the following capitalized words and expressions shall have the meaning as specified hereunder:
- (a) “**Act**” means the Companies Act, 2013 & rules made thereunder, including any amendments or modifications thereof;
 - (b) “**Audit Committee**” means Audit Committee constituted by the Board, from time to time, under Section 177 of the Act read with Regulation 18 of the Listing Regulations;
 - (c) “**Board**” shall mean the Board of Directors of the Company, as constituted from time to time as per the relevant laws and regulations;
 - (d) “**Company**” shall have the meaning ascribed to it in paragraph 1;
 - (e) “**ICDR Regulations**” shall have the meaning ascribed to it in paragraph 1;
 - (f) “**Independent Director**” means an independent director as defined under the Act and the Listing Regulations from time to time;
 - (g) “**Insolvency Code**” means Insolvency and Bankruptcy Code, 2016, as amended;
 - (h) “**Listing Regulations**” shall have the meaning ascribed to it in paragraph 1;
 - (i) “**Material Subsidiary**” means, as per Regulation 16 of the Listing Regulations, a subsidiary shall be considered as material subsidiary, if income or net worth of the subsidiary exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year and as per Regulation 24 of SEBI Listing Regulations, the term material subsidiary means a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries, in the immediately preceding accounting year;
 - (j) “**Net Worth**” means the net worth as defined under Section 2(57) of the Act;
 - (k) “**Policy**” shall have the meaning ascribed to it in paragraph 1;
 - (l) “**Significant Transactions or Arrangements**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or

total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year, and shall be in accordance with any meaning as may be provided for “significant transaction or arrangement” under Regulation 24(4) of the Listing Regulations, from time to time;

(m) “**Subsidiary**” shall mean a subsidiary as defined under the Act; and

(n) “**Unlisted Material Subsidiary**” means an unlisted subsidiary, incorporated in India or not, whose income or net worth exceeds 10% of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4.2. Further, the words and expressions used in this Policy and not defined herein but defined in the Act, the Listing Regulations, the ICDR Regulations and any other applicable laws, as may be amended from time to time, shall have the meaning assigned to them therein.

5. Criteria for Determining the Material Subsidiaries

5.1. A Subsidiary of the Company shall be regarded as a Material Subsidiary if it falls under the criteria of the definition provided in paragraph 4.1(i) above.

5.2. The Audit Committee shall review such details / information as may be required to determine the ‘Material Subsidiaries’ of the Company from time to time.

6. Guiding Principles

6.1. Material Subsidiary of the Company, if any, would be identified annually, and such exercise may be done during each financial year, and the conclusion shall be placed before the Audit Committee and the Board.

6.2. The identification may be conducted soon after the preparation of annual accounts and the outcome will be placed before the Audit Committee or the Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

7. Governance Framework

7.1. Matters to be reviewed by the Audit Committee

The Audit Committee shall review the following matters:

(a) The financial statements, in particular the investments made by its Unlisted Material Subsidiary; and

(b) The utilization of loans and/ or advances from/investment in the subsidiary exceeding INR [●] or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/ advances/ investments.

7.2. Matters to be reviewed by the Board

The Board shall review the following matters:

(a) The minutes of the meetings of the Board of the Unlisted Material Subsidiary shall be placed before the Board for their review and consideration; and

(b) The management of the Unlisted Material Subsidiary shall periodically bring to the attention of the Board, a statement of all Significant Transactions and Arrangements entered into by its Unlisted Material Subsidiary.

7.3. Appointment of Independent Directors

The Independent Directors shall be appointed in the following manner:

- (a) at least one Independent Director on the Board shall be a director on the Board of an Unlisted Material Subsidiary, whether incorporated in India or not; and
- (b) Notwithstanding anything contrary contained in this Policy, for the purpose of Clause 7.3, the term "Material Subsidiary" shall mean a subsidiary which meets the criteria as provided in the Explanation to Regulation 24(1) of the Listing Regulations as may be amended from time to time. Currently, the limit is a Subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth, respectively, of the Company and its Subsidiaries in the immediately preceding accounting year. Any amendment to the definition of material subsidiary for the purpose of appointment of an Independent Director shall automatically apply to this Policy.

7.4. Disposal of shares or assets of a Material Subsidiary

7.4.1. The Company, without the prior approval of the members by Special Resolution, shall not dispose of shares in its Material Subsidiary:

- (a) which would reduce the shareholding of the Company (either on its own or together with other subsidiaries) to less than or equal to 50%; or
- (b) which would cease the exercise of control over such 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
- (c) 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.

7.4.2. The Company shall not sell, dispose and lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of special resolution, 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

7.5. Secretarial Audit: The Unlisted Material Subsidiaries incorporated in India shall undertake a secretarial audit; and the Company shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

7.6. Disclosure under Regulation 30 of the Listing Regulations: The Company shall disclose all events or information with respect to its Material Subsidiaries, in accordance with Regulation 30(9) of the Listing Regulations.

8. General

Notwithstanding anything contained in this Policy, the Company shall ensure compliance with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to the Company, from time to time.

9. Amendment

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board shall be final and binding.

10. Interpretation

In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with prevailing law. Any subsequent amendment/modification in the Listing Regulations, ICDR Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

11. Disclosures

This Policy will be disclosed on the Company's website at www.technocraftventures.com and a web link thereto shall be provided in the Annual Report of the Company.

For Technocraft Ventures Ltd.


Director