



Technocraft Industries (India) Limited

L28120MH1992PLC069252

POLICY FOR DETERMINING

“MATERIAL” SUBSIDIARY COMPANIES

PART - A

INTENT AND CONTENT

Technocraft Industries (India) Limited [hereinafter referred to as '**the Company**'] is a public limited company incorporated on October 28, 1992, under the Companies Act, 1956 (Corporate Identity Number: L28120MH1992PLC069252. The equity shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited and as such the provisions of the Listing Agreements for equity shares are applicable and binding on it.

In terms of the revised Regulation 16(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred as “Listing Regulations”), 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 Company 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 Executive Management of the Company comprising the Chairman & Chief Executive Officer, Managing Director and Executive Director 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 Company.

This Policy shall be effective from November 1, 2014. 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 Listing Regulations, as amended, from time to time.



Technocraft Industries (India) Limited

L28120MH1992PLC069252

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 anybody corporate;

(d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

Accordingly, the Company, as on date, has 2 subsidiary companies (including step down subsidiary companies).

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 and the Stock Exchanges.

CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARY:

In terms of Regulation 16(1) (c) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred as "Listing Regulations") "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. Explanation:- The listed entity shall formulate a policy for determining 'material' subsidiary.

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 Listing Regulations 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.



Technocraft Industries (India) Limited

L28120MH1992PLC069252

PART - C

COMPLIANCES

In terms of Regulation 24(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") following are Corporate governance requirements with respect to material subsidiary of listed entity

At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.

For the purpose of this requirement "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

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:

A listed entity shall not 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 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.

Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.



Technocraft Industries (India) Limited

L28120MH1992PLC069252

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 endeavor 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 Listing Regulations 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 Listing Regulations Company shall disclose this Policy on Material Subsidiary Companies on its website i.e. www.technocraftgroup.com and a web link shall be provided in its Annual Report.

PART - F

AMENDMENT

Any subsequent amendment/modification in the Listing Agreement, the Companies Act, 2013 and/or other applicable laws in this regard shall automatically apply to this Policy.

Further, the Board may amend any of the provisions of this Policy as and when it deems fit.

Details of amendment:

Amended on	06.11.2015 (Pursuant to the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)
------------	--