

**POLICY ON MATERIAL SUBSIDIARIES**

**OF**

**MOLD-TEK TECHNOLOGIES LIMITED**

**1. INTRODUCTION**

The Board of Directors (the "Board") of Mold-Tek Technologies Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy below.

This policy shall be applicable to the Company with effect from 1<sup>st</sup> April, 2019 .

**2. OBJECTIVE**

This policy deals with determination of Material Subsidiaries of Mold-Tek Technologies Limited in terms of Regulation 16 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (as amended from time to time) which states that the Company shall formulate a policy for determination of the Material Subsidiary and the policy is intended to ensure the governance framework of material subsidiary companies.

**3. DEFINITIONS**

**"Audit Committee"** means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

**"Board of Director" or "Board"** means the Board of Directors of Mold-Tek Technologies Ltd, as constituted from time to time.

**"Company"** means Mold-Tek Technologies Ltd.

**"Holding Company"** shall mean a holding company as defined in sub-Subsection 46 of section 2 of the Companies Act, 2013 and rule related thereto.

**"Independent Director"** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Regulations.

**"Material Subsidiary"** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

**"Significant transaction or arrangement"** shall mean any individual transaction or arrangement that 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.

“**Subsidiary Company**” shall be as defined under the Act and the rules made thereunder.

“**Unlisted Subsidiary**” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

**4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY**

A subsidiary shall be considered as a Material Subsidiary, if any of the following conditions are satisfied:

- I. If the income of the subsidiary exceeds 10% of the consolidated income of the Company in the immediately preceding accounting year; or
- II. If the networth of the Subsidiary exceeds 10% of the consolidated networth of the Company in the immediately preceding accounting year.

**5. PROVISION WITH REGARD TO SUBSIDIARY COMPANIES**

- i. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
- ii. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- iii. The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
- iv. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), 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.
- v. Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void

**6. Disposal of Material Subsidiary**

- i. The Company shall not dispose of shares in its material subsidiary, which would reduce its 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 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.



- ii. 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 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. DISCLOSURE**

- i. This Policy shall be disclosed on the Company's website at <http://moldtekengineering.com/investor.html>
- ii. Web link thereto shall be provided in the Annual Report of the Company.

## **8. AMENDMENT AND UPDATES**

- i. The Board shall have the power, subject to applicable laws, 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.
- ii. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

