



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. PURPOSE AND SCOPE

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement, as amended and effective from October 1, 2014.

The Policy will be used to determine the Material Subsidiaries of Tantia Constructions Limited and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

2. DEFINITIONS:

“Act” means Companies Act, 2013 & rules made there under.

“Audit Committee” or “Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of section 177 of the Companies Act, 2013 and Listing Agreement with the Stock Exchanges.

“Board of Director” or “Board” means the Board of Directors of Tantia Constructions Limited, as constituted from time to time.

“Company” means Tantia Constructions Limited

“Holding Company” in relation to one or more other Holding company means a company of which such companies are subsidiaries companies.

“Independent Director” means a director of the Company who satisfies the criteria for independence under Section 149 of Companies Act, 2013 and under clause 49 of the Listing Agreement with the Stock Exchanges.

“Material non-listed Indian subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.

“Material Subsidiary” - A subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.

“Subsidiary Company” shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.

“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 material unlisted subsidiary for the immediately preceding financial year.

3. IDENTIFICATION OF MATERIAL SUBSIDIARY

A subsidiary shall be considered as material if –

- a) the investment of the Company, whether current or prospective, in the subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or,
- b) if the subsidiary has generated 20 per cent of the consolidated income of the company during the previous financial year.

4. GOVERNANCE FRAMEWORK

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- ii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- iii. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

- iv. One Independent Director of the Company shall be a director on the Board of the Material Non Listed Indian Subsidiary Company. Policy for determining material subsidiaries
- v. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
- vi. 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.

Nothing contained in this clause, shall apply to a case:-

- ❖ Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
 - ❖ Where the subsidiary company holds such shares as a trustee; or
 - ❖ Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.
- vii. The company shall include particulars of its subsidiary companies in its annual return;
 - viii. The company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;
 - ix. The company shall, along with its financial statements to be filed with Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;
 - x. The company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the company, who asks for it.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not dispose of shares in its' material subsidiary which would:

- a) reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 per cent or cease the exercise of control over the subsidiary or,
- b) amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year

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 under the Companies Act, 2013 or rules made thereunder.

6. POLICY REVIEW

This policy is framed pursuant to the provisions of the Companies Act 2013 and rules thereunder and the requirements of the clause 49 of the Listing agreement with the stock exchanges as on September 15, 2014.

In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

This Policy is dated.