



DYNAMATIC TECHNOLOGIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

**PURSUANT TO REGULATION 16 (1) (C) OF SECURITIES AND EXCHANGE BOARD OF INDIA
(LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015**

INTRODUCTION

In accordance with Regulation 16(1) (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "Listing Regulations"), the Company has formulated this policy for determining material subsidiary of the Company.

PURPOSE & SCOPE

This Policy sets out the criteria for determining material subsidiary / subsidiaries.

DEFINITIONS

"Act" means the Companies Act 2013 as may be amended from time to time.

"Board of Directors" or "Board" means the Board of Directors of Dynamatic Technologies Limited.

"Company" means Dynamatic Technologies Limited.

"Subsidiary" shall mean a subsidiary as defined under section 2(87) of the Companies Act, 2013 and the Rules made there under

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 10% (Ten Percent) of the consolidated income or net worth respectively, of the company 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 ten per cent 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 accounting year

"Networth" means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;

CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be considered as material subsidiary 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.

OTHER REQUIREMENTS WITH REGARDS TO SUBSIDIARY OF LISTED ENTITY:

- A. At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted Indian material subsidiary **whether incorporated in India or not. For the purpose of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI Listing Regulations, the term "Material Subsidiary" shall mean 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.**
- B. The Audit Committee of Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company
- C. The management of the Unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company and shall be placed before the Board;

D. The minutes of the Board meetings of the unlisted subsidiary company (irrespective of materiality) shall be placed at the Board meeting of the listed company.

E. Where the Company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

DISPOSAL OF MATERIAL SUBSIDIARY:

The Company shall not:

- A. 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 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 with one day of the resolution plan being approved;
- B. Sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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 with one day of the resolution plan being approved;
- C. Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

STATUTORY FRAMEWORK

- A. This policy is framed in terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- B. Where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rules, regulations or standard will take precedence over this Policy and procedures until such time this policy is changed to confirm to the law, rule, regulation or standard.

REVIEW & UPDATION

The Board or any other Committees of the Board as may be authorised 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 with a new policy, at any time, as it deems fit, or from time to time, and the decision of the Board of Directors in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this policy. The policy is effective from 1st April 2019.