

<b><i>Policy / Process Note Information</i></b>	
<b><i>Policy Name</i></b>	<b><i>Material Subsidiary Policy of Intec Capital Limited in terms Regulation 16(1)(c) of chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015 (SEBI LODR, 2015)</i></b>
<b><i>Last Recommended / Reviewed by Committee of Board (CoB), if any</i></b>	<b><i>Last Recommended / Reviewed by Audit Committee on Friday February 05, 2016</i></b>
<b><i>Last Approved / Reviewed by Board of Directors, if any</i></b>	<b><i>Last Approved / reviewed by Board of Directors on Friday February 05, 2016</i></b>
<b><i>Recommended by Committee of Board (CoB), if any</i></b>	<b><i>Recommended by Audit Committee in its meeting scheduled on Friday, February 12, 2021</i></b>
<b><i>Approved by Board of Directors, if any</i></b>	<b><i>Approved by Board of Directors on Friday, February 12, 2021</i></b>
<b><i>Effective Date</i></b>	<b><i>Friday, February 12, 2021</i></b>

## **Preamble and background**

- 1.1. The Securities and Exchange Board of India ("SEBI"), vide its Notification dated September 2, 2015, has issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR, 2015").
- 1.2. The Regulations 16(1) (c) of SEBI LODR, 2015 mandates the Listed Entity to formulate "Policy for determining the Material Subsidiary" and disclosure as required from time to time. The
- 1.3. extracts of regulation 16 (1) (c) is mentioned below

***"Regulation 16. (1) For the purpose of this chapter, unless the context otherwise requires:***

***(c) "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds \*Ten (10) percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.***

***\*19 Substituted ibid for the word "twenty", w.e.f. 1.4.2019.***

***Explanation- The listed entity shall formulate a policy for determining 'material' subsidiary.***

- 1.4. As on date of formulating and subsequently on reviewing this Policy, the Company has one subsidiary i.e. Amulet Technologies Limited which is not "material subsidiary" as per regulation 16(1) (c) and hence there is no immediate applicability. However, the policy is devised in order to comply with requirements of SEBI LODR, 2015 and to utilize this policy in future when the existing subsidiary company becomes "material subsidiary" company and / or would own Subsidiaries.
- 2. Objective :** The objective of this Policy is to determine:
- 2.1. meaning of 'Material' Subsidiary;
  - 2.2. Requirement of Independent Director in Unlisted Material Subsidiaries, in India;
  - 2.3. Restriction on disposal of shares of a Material Subsidiary of the Company;
  - 2.4. Restriction on sale/disposal/leasing of assets of a Material Subsidiary; and
  - 2.5. Disclosure requirements under SEBI LODR, 2015 and any other laws or regulations as may be applicable to the Company.

## **3. Definitions**

- 3.1. "Act" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- 3.2. "Audit Committee" shall mean the Audit Committee of the Board of Directors of Intec Capital Limited by whatever name called framed under the provisions of Companies Act, 2013 and SEBI LODR, 2015.
- 3.3. "Board of Directors" or "Board" means the Board of Directors of Intec Capital Limited, as

constituted from time to time.

- 3.4. "Company" means Intec Capital Limited
- 3.5. "Control" for this purpose has the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 3.6. "Policy" means this Policy, as amended from time to time.
- 3.7. "Subsidiary" shall mean a Subsidiary as defined under Section 2(87) of the Companies Act, 2013.
- 3.8. "Material Subsidiary" means as defined in regulation 16(1) (c) of SEBI LODR, 2015 as a subsidiary, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.
- 3.9. "Unlisted Material Subsidiary" shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose income or net worth (i.e. paid-up capital and free reserves) exceeds ten percent (10%) of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year as per audited balance sheet.
- 3.10. "Net worth" shall mean an aggregate of "paid up capital" and "free reserves" of the Company.
- 3.11. "Significant Transaction or Arrangement" means 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 material subsidiary for the immediately preceding accounting year as defined under the Companies Act, 2013 and the Rules made thereunder.
- 3.12. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder from time to time, the SEBI LODR, 2015, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

#### **4. Policy of materiality**

A subsidiary shall be considered Material if any of the following conditions are satisfied:

- 4.1. The investment of the Company in the subsidiary exceeds Ten per cent of its consolidated net worth as per the audited balance sheet of the previous financial year;  
or
- 4.2. The subsidiary has generated Ten per cent of the consolidated income of the Company during the previous financial year.

#### **5. Frequency of Materiality Test**

- 5.1. The materiality test shall be applied every financial year as soon as the audited financial statements of the Company are made available by the Auditor of the Company.
- 5.2. In case any of the subsidiaries falls under such criteria, the same is to be reported to the Audit

Committee and Board for its noting at the first instance.

## **6. Independent Director**

- 6.1. As Amulet Technologies Limited being non-material subsidiary of Intec Capital limited, hence there is no requirement of at least one Independent Director on the Board of Intec Capital Limited to be a director on the Board of Amulet Technologies Limited as per requirement of SEBI LODR, 015.

## **7. Compliance / Governance / disclosure requirements in relation to Material Subsidiary Company**

Following requirements must be observed by the Company in relation to a material subsidiary of the Company:

- 7.1. At least one Independent Director on the Board of Intec Capital Limited be a director on the Board of the unlisted material subsidiary of the Company, incorporated in India.
- 7.2. The Company may also appoint Independent Director(s) on the Board of overseas material subsidiary companies, if any, as they may deem necessary.
- 7.3. The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- 7.4. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
- 7.5. The management of the unlisted subsidiary shall every quarterly bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary, if any.

Explanation- For the purpose of this regulation, the term “significant transaction or arrangement” shall mean as defined in clause 3.11 of this policy.

- 7.6. Restrictions on disposal of shares of material subsidiary by the Company: 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.
- 7.7. Restriction on sale / disposal / leasing of its assets of material subsidiary: Selling, disposing and leasing of assets amounting to more than ten percent (10%) 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.

## **8. Compliance / Governance / disclosure requirements in relation to Subsidiary Company**

- 8.1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- 8.2. The minutes of the Board meetings of the all the unlisted subsidiary companies shall be placed

*at the Board Meeting of Company.*

**9. Amendment, review and disclosure**

- 9.1. *In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended with due approval from the Managing Director and if required, shall be ratified by the Board of Directors.*
- 9.2. The Board of Directors may also review or amend this policy, in whole or part, from time to time as per the requirement of the Regulations.
- 9.3. *The Managing Director is authorized to make appropriate changes to the above policy as he may deem expedient taking into account the law for the time being in forced.*
- 9.4. *However, the amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.*
- 9.5. As stipulated by Regulation 46(2) of SEBI LODR, 2015, this Policy shall be disclosed on the Company's website.