

TECHNOPAINTS AND CHEMICALS LIMITED

CIN: U24220TG2008PLC058787

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES



Introduction:

The Board of Directors of Technopaints and Chemicals Limited at their meeting held on September 09, 2026 have adopted this Policy for determining 'Material Subsidiaries' in accordance with the Regulation 16(1)(c) read with Regulation 46(2)(h) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI Listing Regulations). The Board may review and amend this Policy from time to time.

The Policy will apply to the Company with effect from the date, SEBI Listing Regulations becomes applicable to the Company.

Policy Objective

To determine Material Subsidiaries of Technopaints and Chemicals Limited and to provide a governance framework for such subsidiaries.

Definitions

- a) **"Audit Committee or Committee"** means the "Audit Committee" constituted by the Board of Directors of the Company under the provisions of Regulation 18 of SEBI (LODR), 2015 and Section 177 of the Companies Act, 2013.
- b) **"Board of Directors" or "Board"** means the Board of Directors of Technopaints and Chemicals Limited, as constituted from time to time.
- c) **"Company"** shall mean Technopaints and Chemicals Limited.
- d) **"Independent Director"** means an Independent Director who has been appointed in accordance with Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI Listing Regulations.
- e) **"Policy"** means Policy for determining Material Subsidiaries.
- f) **"Significant Transaction or Arrangement"** means 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 unlisted Subsidiary for the immediately preceding accounting year.
- g) **"Subsidiary"** means Subsidiary Company as defined under the Companies Act, 2013 and the Rules made thereunder.
- h) **"Material Subsidiary"** means a Subsidiary of the Company which satisfies the conditions laid down in Regulation 16(1)(c) of SEBI Listing Regulations as amended from time to time.
- i) **"Insolvency Code"** means the Insolvency and Bankruptcy Code, 2016.

Determination of Material Subsidiary:

A Subsidiary of the Company shall be regarded as a Material Subsidiary if it falls under the definition provided below.

- Whose turnover or net worth exceeds ten per cent of the consolidated turnover or net worth respectively of the company and its subsidiaries in the immediately preceding accounting year, respectively.

Identification of those subsidiaries shall be undertaken at the start of every financial year immediately on preparation of Consolidated Financial Statements of the Company for the preceding financial year. Outcome of this exercise shall be placed before the Audit Committee and the Board.

Governance requirements for material subsidiaries:

- a) At least One Independent Director of the Company shall be a director on the Board of an unlisted material Subsidiary, whether incorporated in India or not whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.
- b) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company.
- c) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- d) The management of the unlisted subsidiary 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. For the purpose of this regulation, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary or the immediately preceding accounting year.
- e) The Company 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 or equal to 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, 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
- f) 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.

- g) Where the Company has a listed Subsidiary, which is itself a holding Company, the provisions of this Policy shall also apply to the listed Subsidiary in so far as its subsidiaries are concerned.

Secretarial Audit

Every Material Unlisted Subsidiaries incorporated in India shall undertake a Secretarial Audit by a peer reviewed Practising Company Secretary. The Company shall annex with its annual report, a secretarial audit report of its material subsidiaries.

Disclosure

The Policy for determining material subsidiaries shall be disclosed on Company's website.

Review of the Policy

The Audit Committee may monitor and review the Policy and recommend the necessary changes to the Board for its approval.

