



CREST VENTURES

CREST VENTURES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Crest Ventures Limited

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(Version 1.1)

As revised and approved by the Board of Directors as on May 14, 2019

1. INTRODUCTION:-

In conformity with the requirements of Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors of the Company had approved and adopted a "Policy for determining Material Subsidiaries" w.e.f. October 01, 2014 to determine material subsidiaries of the Company and to provide governance framework for subsidiaries.

However, in conformity with recent amendments in Listing Regulations to enhance obligations of the Board of Listed Entities with respect to corporate governance requirements for its Subsidiaries, the Board of Directors has revised and approved the said Policy in its Board Meeting held on May 14, 2019.

2. OBJECTIVE:-

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

3. KEY DEFINITIONS:-

- a) Material Subsidiary is a subsidiary that satisfies the following conditions:

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.

- b) Significant Transactions 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 for the immediately preceding accounting year.

- c) Control shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.



d) Subsidiary shall be as defined under the Companies Act, 2013.

Any term not defined herein, shall have the same meaning ascribed to it, as defined Act, Rules and Regulations framed by Securities Exchange Board of India or any other relevant legislation applicable to the Company.

4. IDENTIFICATION OF MATERIAL SUBSIDIARY:-

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

if the income or net worth of the subsidiary exceeds ten percent of the consolidated income or net worth, respectively of the Company and its subsidiaries during the immediately preceding accounting year.

5. GOVERNANCE FRAMEWORK:-

a) One independent director on the Board of Directors of the Company shall be a director on the Board of Directors of its Unlisted Material Subsidiary Company, whether incorporated in India or not.

Explanation - For the purposes of this sub-clause, notwithstanding anything to the contrary contained in regulation 16 of the Listing Regulations or defined hereinabove, 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 Company and its subsidiaries in the immediately preceding accounting year.

b) The Audit Committee of the Company shall also 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 Company shall be placed at the Board Meetings of the Company.

d) The management of Unlisted Subsidiary shall on a quarterly basis 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.

e) The management shall present to the Audit Committee annually the list of such material subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendation for appointment of Independent Director in the Unlisted Material Subsidiary Company (as defined in Clause 5 (a) above).



6. DISPOSAL OF SHARES/ ASSETS OF MATERIAL SUBSIDIARY:-

The Company, without passing a special resolution in its General Meeting, shall not:-

- a) dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- b) dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- c) sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

unless in cases where the divestment/ 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.

7. SECRETARIAL AUDIT:-

The Company 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.

8. DISCLOSURES:-

The above policy will be modified as and when there are changes to the regulations including the Companies Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and guidelines issued by SEBI. The Company shall disclose the Policy for determining 'material' subsidiaries on its website and a web link thereto shall be provided in the Annual Report.

9. SCOPE AND LIMITATION:-

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.