

ONWARD TECHNOLOGIES LIMITED

Policy for determining 'Material' Subsidiary

PREFACE:

This Policy has been prepared in compliance of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as '**Listing Regulations**'). The Policy shall govern certain matters relating to determination of materiality of any subsidiary company of the Company, i.e. Onward Technologies Limited (hereinafter referred as '**OTL**') and other matters connected thereto.

DEFINITIONS:

The words and expression used in this policy shall be construed according to the meaning assigned to them under Listing Regulations, and Companies Act, 2013 unless otherwise defined hereunder.

"Board of Directors" or "Board of Trustees" shall mean the board of directors or board of trustees, whichever applicable, of the Company;

"Company" shall mean Onward Technologies Limited or 'OTL';

"Holding Company" means a holding company as defined in sub-section (46) of section 2 of the Companies Act, 2013;

"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.

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

"Subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013;

POLICY STATEMENT:

1. Subsidiaries:

Pursuant to Section 2 (87) of the Companies Act, 2013, following undertaking of the Company shall be termed as a subsidiary company of Onward Technologies Limited:

1. Onward eServices Limited
2. Onward Properties Private Limited
3. Onward Technologies Inc.

4. Onward Technologies GmbH.
5. Such other undertaking which fulfills the criteria under section 2 (87) of the Companies Act, 2013.

2. Determining Materiality:

For the purpose of this Policy and in accordance with Regulation 16 (1) (c) of the Listing Regulations, any subsidiary company of Onward Technologies Limited shall be termed as Material Subsidiary if such Subsidiary fulfills the criteria specified hereunder:

- a. Income of subsidiary company exceeds 20 percent of consolidated income of the Company in the immediate preceding accounting year, or;
- b. Net worth of the subsidiary company exceeds 20 percent of the consolidated net worth of the Company in the immediate preceding accounting year.

For instance:

When Company 'A' is subsidiary of Company 'B', and total income or Net Worth of Company 'A' exceeds the Consolidated Income or Net Worth of Company 'B', then, Company 'A' shall be termed as material subsidiary of Company 'B'.

It shall be responsibility of the Board of Directors or the Audit Committee of the Company to determine material subsidiary company of Onward Technologies Limited as at the beginning of every financial year based on the financial statements prepared for immediately preceding financial year. The Board of Directors or the Audit Committee may also call for additional information or documents in order to satisfy itself that an undertaking shall be construed as a subsidiary company of Onward Technologies Limited in line with Section 2 (87) of the Companies Act, 2013.

3. Compliance with respect to Subsidiary Companies:

- (1) 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 Material Subsidiary, incorporated in India.
- (2) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- (3) 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 Company.

- (4) 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.

Explanation – *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 Material Subsidiary for the immediately preceding accounting year.*

- (5) 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 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.
- (6) 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.

4. Review of the Policy:

The Board and the Committee will review this Policy on a regular basis to ensure its effectiveness and also compliance with the provisions of Companies Act, 2013 as well as Listing Regulations.

5. Disclosure of Policy:

This policy shall be uploaded on the website of the Company at www.onwardgroup.com and a web-link thereto shall be provided in the Annual Report of the Company.
