

MOURI TECH LIMITED

**POLICY ON DETERMINING
MATERIAL SUBSIDIARIES**



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POLICY ON DETERMINING MATERIAL SUBSIDIARIES

The following is the Policy on Determining Material Subsidiaries (“**Policy**”) adopted by MOURI Tech Limited (together with its subsidiaries, hereinafter referred to as the “**Company**”) in accordance with the provisions of Regulation 16 (1)(c) and Regulation 24(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions (including any statutory enactments / amendments thereof) (“**Listing Regulations**”).

1. INTRODUCTION

The Listing Regulations requires every listed company to formulate a policy for determining a “material” subsidiary and so, the board of directors the Company (“**Board**”) has formulated this Policy to determine the material subsidiaries of the Company and disclosure and governance thereof as required under the Listing Regulations.

2. OBJECTIVE

The objective of this Policy is to determine:

- (i) Meaning of Material Subsidiary(ies);
- (ii) Requirement of appointment of Independent Director in Material Subsidiaries;
- (iii) Restriction on disposal of shares of Material Subsidiary by the Company;
- (iv) Restriction on transfer of assets of Material Subsidiary; and
- (v) Disclosure requirements, under the Listing Regulations and any other laws and regulations, as may be applicable to the Company.

3. TERMS AND REFERENCES

- 3.1. “Audit Committee”** means the Audit Committee of Board of Directors of the Company.
- 3.2. “Board”** shall mean the Board of Directors of the Company.
- 3.3. “Company”** shall mean MOURI Tech Limited (together with its subsidiaries).
- 3.4. “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 shareholder agreements or voting agreements, or in any other manner.



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- 3.5. “Independent Director”** shall have the meaning given to it in the Companies Act, 2013 and the Listing Regulations.
- 3.6. “Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions (including any statutory enactments / amendments thereof)
- 3.7. “Material Subsidiary”** means a subsidiary of the Company, 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.
- 3.8. “Material Unlisted Subsidiary”** means a Material Subsidiary of the Company which has not listed any of its securities on a recognized stock exchange.
- 3.9. “Offer Documents”** shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus (along with any addenda or corrigenda thereto), as applicable, to be filed with the Securities and Exchange Board of India (“SEBI”), the Registrar of Companies, Telangana at Hyderabad or the Stock Exchanges where the equity shares of the Company are proposed to be listed, and any other regulatory authorities, as applicable.
- 3.10. “Significant Transaction and Arrangement”** means any individual transaction or arrangement that exceeds, or is likely to exceed 10% (ten percent) of the total revenue 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.
- 3.11. “Subsidiary”** means a company as defined under Section 2 (87) of the Companies Act, 2013 and the Rules thereunder from time to time.
- 3.12. “Unlisted Subsidiary”** means a Subsidiary of the Company which has not listed any of its securities on a recognized stock exchange.

Unless the context otherwise requires:

- (i) words denoting the singular shall include the plural and vice versa.
- (ii) references to the words “include” or “including” shall be construed without limitation.
- (iii) any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 & Listing Regulations or any other applicable law or regulation.

4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

- 4.1. “Material Subsidiary”** shall mean an entity which contributes 10% (ten percent) or



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more to the turnover or net-worth or profits before tax in the annual consolidated financial statements (“CFS”) of the respective year (“Test”).

For the purposes of this clause, definition of turnover, net-worth and profits before tax should be as per Companies Act, 2013 (as amended). Please note that this Test will be done for each year for which financials of the Company, are being included in the Offer Documents.

4.2. All subsidiaries (direct and indirect/ step-down) as of March 31, 2024, and on the date of the DRHP are to be identified by the Company. The Test as specified in clause 4.1. above will have to be calculated based on the individual audited standalone financials of each of the subsidiaries (direct and indirect/ step-down) compared to the consolidated financial statements of the Company for each of the preceding three financial years.

4.3. The Audit Committee shall on an annual basis review such details / information as may be required to determine the ‘Material Subsidiaries’.

4.4. In addition to above, following requirements shall also apply for overseas material subsidiaries:

(i) The financial statements of all foreign consolidated entities should be audited, unless they are not material to the consolidated financial statements as per Test mentioned in clause 4.1, and the local regulation does not mandate audit.

(ii) For uploading on website, a certified english translated copy of the financial statements should be made available on the Company’s website for every entity consolidated whose financial statements are not presented in english. The financial statements reported in any currency other than Indian rupee shall be translated into Indian rupee in accordance with Ind AS 21 along with the effects of changes in foreign exchange rates.

5. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY FOR PREPARATION OF STATEMENT OF TAX BENEFITS FOR OFFER DOCUMENTS

In terms of the Listing Regulations, “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 listed entity and its subsidiaries in the immediately preceding accounting year. Such special tax benefits (under direct and indirect tax laws) for the Company and its shareholders and its material subsidiaries shall be disclosed in the Offer Documents.



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6. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARIES FOR OBTAINING FOREIGN COUNSEL OPINION

For the purpose of obtaining foreign counsel opinions, subsidiaries which contribute 10% (ten percent) or more to the income or net-worth or profits before tax in the consolidated financial statements of the latest full year (i.e. Financial Year 2023-2024) are proposed to be deemed as material subsidiaries.

7. SIGNIFICANT TRANSACTIONS / ARRANGEMENTS OF MATERIAL SUBSIDIARY COMPANIES

The management should, periodically, bring to the attention of the Board, a statement of all significant transactions and arrangements entered into by the Material Subsidiary.

8. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

Without the prior approval of the shareholders of the Company by means of a special resolution the Company shall not:

- (i) dispose of shares in its Material Subsidiary, which would reduce its shareholding (either on its own, or together with other subsidiaries) to less than or equal to 50% (fifty percent), or
- (ii) cease to exercise control over the Subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a court or tribunal or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;
- (iii) sell or dispose or lease the assets amounting to more than 20% (twenty percent) of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale or disposal or lease is made in cases under a scheme or arrangement duly approved by a court or 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.

9. CORPORATE GOVERNANCE COMPLIANCES FOR MATERIAL SUBSIDIARY

- 9.1.** At least 1 (one) Independent Director on the Board of the Company shall be a Director on the Board of the material subsidiary.

Note - for the purposes of this requirement, notwithstanding anything to the contrary contained in the Regulations and the policy, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Company and its



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subsidiaries in the immediately preceding accounting year.

- 9.2.** The Audit Committee of the holding company shall, also, review the financial statements, in particular, the investments made by the material subsidiary.
- 9.3.** The financial statement of material subsidiaries shall be hosted on the Company's website.
- 9.4.** The minutes of the Board meetings of the material subsidiary shall be placed at the Board meeting of the Company.
- 9.5.** The Management 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 material subsidiary.
- 9.6.** The material subsidiary/ies incorporated in India shall undertake a secretarial audit and annex a secretarial audit report, given by a company secretary in practice in such form as specified, with the annual report of the Company.

10. DISCLOSURE

- 10.1.** The standalone audited financial statements for past three full financial years immediately preceding the date of filing of the offer documents for each of the Company and all its material subsidiaries should be made available on Company's website in accordance with the materiality thresholds indicated in the Policy.
- 10.2.** The above requirements shall apply for the periods of existence of the parent-subsubsidiary relationship. It is further clarified that where parent-subsubsidiary relationship exists for a part of the year during past three completed years, subsidiary's financial statements should be made available for the full financial years if the subsidiary existed for three years or for lesser period if the subsidiary existed for a period less than three years. Accordingly, the historical financials of the material subsidiaries will only be required for the financial years in which they were subsidiaries of the Company.
- 10.3.** The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company as per Regulation 30(9) of the Listing Regulations.
- 10.4.** This Policy shall be disclosed on the Company's website pursuant to Regulation 46(2) of the Listing Regulations and a web link thereto shall be provided in the annual report of the Company.



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11. APPLICABILITY

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.

12. REVIEW AND AMENDMENTS

The Board (including its duly constituted Committees) may, from time to time, make amendments to this Policy to the extent required due to changes in applicable laws and Listing Regulations or as deemed fit on a review. The modifications, if any, made to the policy shall be disclosed on the website of the Company.

(This Policy is approved and adopted by the Board of Directors of the Company in its meeting held on September 19, 2024)
