

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**INTRODUCTION:**

The Board of Directors of **Markolines Pavement Technologies Limited** ("the Company") has adopted this policy and procedure with regard to determination of material subsidiaries as defined below, in accordance with the provisions of Regulations 16 of the SEBI (LODR) Regulations, 2015. The Board may review and amend this policy from time to time.

TITLE:

This Policy shall be called 'Policy for determining material subsidiaries'.

OBJECTIVE:

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of the Regulations 16 of the SEBI (LODR) Regulations, 2015 (including any amendments thereof).

DEFINITIONS:

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of the SEBI (LODR) Regulations, 2015.

"Board of Directors" or "Board" means the Board of Directors of the Company, as constituted from time to time.

"Company" means the Company.

"Independent Director" means a Director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

"Policy" means this Policy, as amended from time to time.

"Subsidiary" shall mean a subsidiary as defined under the Act and Rules made thereunder. "Material Unlisted Indian Subsidiary" shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

"Significant Transaction or Arrangement" shall mean 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 material unlisted subsidiary for the immediately preceding accounting year. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

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CIN: L99999MH2002PLC156371 (Formerly Markolines Traffic Controls Ltd.)

POLICY:

A subsidiary shall be considered as Material if:

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

Material unlisted Indian subsidiary shall mean a subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- Income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

A list of such Material subsidiaries and Material unlisted Indian Subsidiaries shall be presented to the Audit Committee annually for its noting. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of independent Director in the Material Non-Listed Indian Subsidiary.

REQUIREMENT REGARDING MATERIAL SUBSIDIARY:

The Company, without the prior approval of the members by Special Resolution, shall not:

- dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- ceases the exercise of control over the Subsidiary; or
- sell, dispose or lease the assets amounting to more than twenty percent 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.

REQUIREMENT REGARDING MATERIAL UNLISTED INDIAN SUBSIDIARY:

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on a yearly basis.