

TRIBHOVANDAS BHIMJI ZAVERI LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Purpose and Scope:

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement, as amended and effective from 1st October, 2014.

The Policy will be used to determine the Material Subsidiaries of Tribhovandas Bhimji Zaveri Limited (hereinafter called as "the Company" or "TBZ") and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

2. Definition:

- i. "Act" means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
- ii. "Subsidiary Company" as defined under clause 2(87) of the Act.
- iii. "Holding Company" as defined under clause 2(46) of the Act.
- iv. "The Company" means 'Tribhovandas Bhimji Zaveri Limited' or 'TBZ'.
- v. The term "material non-listed Indian Subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds twenty per cent (20%) of the consolidated income or net worth respectively, of the listed holding company (TBZ) and its subsidiaries in the immediately preceding accounting year.
- vi. The term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent (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 immediately preceding accounting year.

3. Identification of 'Material' subsidiary:

A subsidiary shall be considered as material if –

- a. the investment of the Company, whether current or prospective, in the subsidiary exceeds twenty per cent (20%) of its consolidated net worth as per the audited balance sheet of the previous financial year, or
- b. if the subsidiary has generated twenty per cent (20%) of the consolidated income of the Company during the previous financial year.

Material non-listed Indian subsidiary shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds twenty per cent (20%) of the consolidated income or net worth respectively, of the listed holding company (TBZ) and its subsidiaries in the immediately preceding financial year.

4. Governance framework:

- i. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- ii. The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed before the Board of the Company.
- iii. 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 unlisted subsidiary company.
- iv. At least one Independent Director of the Company shall be director on the Board of the material non-listed Indian subsidiary company.
- v. 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.

5. Disposal of Material Subsidiary:

- a. The Company shall not dispose of shares in its' material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty per cent (50%) 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
- b. Selling, disposing and leasing the assets amounting to more than twenty percent (20%) 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 in its General Meeting unless the sale / disposal / lease is made under a scheme of arrangement dully approved by a Court/ Tribunal.

6. Policy Review:

This policy is framed pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder and the requirements of the clause 49 of the Listing Agreement with the Stock Exchanges.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Audit Committee would be given for approval of the Board of Directors.