

# TRIBHOVANDAS BHIMJI ZAVERI LIMITED

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### 1. Purpose and Scope:

The purpose of this Policy is to establish criteria of determination of 'Material Subsidiaries and Material unlisted Indian Subsidiaries' of Tribhovandas Bhimji Zaveri Limited (hereinafter refer to as 'the Company' or 'TBZ') and to provide governance framework for such subsidiaries.

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of Regulation 16 (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and effective from 1<sup>st</sup> April, 2019.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (hereinafter referred to as 'Act') 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. 'Policy' means this Policy, as amended from time to time.
- iii. 'Board of Directors' or 'Board' means the Board of Directors of Tribhovandas Bhimji Zaveri Limited, as constituted from time to time.
- iv. "Subsidiary Company" shall means subsidiary as defined under Section 2(87) of the Companies Act, 2013 (which is reproduced hereunder for easy reference) read with prevailing Rules made thereunder.

'Subsidiary Company' or 'subsidiary', in relation to any other company (that is to say the holding company), means the company in which holding company:



TRIBHOVANDAS BHIMJI ZAVERI LTD.

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- (i) Controls the composition of the Board of Directors; or
- (ii) Exercise or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation: for the purpose of this clause:

- (a) A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
  - (b) The composition of the Company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors;
  - (c) The expression 'company' shall include any body corporate;
  - (d) 'layer' in relation to holding company means its subsidiary or subsidiaries.
- v. "Holding Company" as defined under Section 2(46) of the Companies Act, 2013.
  - vi. "The Company" means 'Tribhovandas Bhimji Zaveri Limited' or 'TBZ'.
  - vii. 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 ten per cent (10%) of the consolidated income or net worth respectively, of the listed holding company (TBZ) and its subsidiaries in the immediately preceding accounting year.
  - viii. 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 –



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- a. the investment of the Company, whether current or prospective, in the subsidiary exceeds ten per cent (10%) of its consolidated net worth as per the audited balance sheet of the previous financial year, or
- b. if the subsidiary has generated ten per cent (10%) 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 ten per cent (10%) 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.
- vi. The Company shall disclose events / information pertaining to its Subsidiary, in line with provisions of Regulation 30 of the Listing Regulations.

#### 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



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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 Regulation 16 (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy is designated particularly in line with the provision of the Listing Regulations and Companies Act, 2013 and shall be considered as updated automatically, without any formal approval, to the extent it needs to be aligned with any changes notified in the aforesaid Regulations and the Act. The update thereon will be reported to the Board of Directors.

In case of any major procedural updates / major subsequent changes in Regulations or the provisions of the Companies Act, 2013 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 the Act or as may be felt appropriate by the Audit Committee. Any changes or modification on the policy as recommended by the Audit Committee will be given for approval of the Board of Directors but the amended Policy shall be effective immediately on the applicability of the Regulations or the Act.

For Tribhovandas Bhimji Zaveri Limited



**Shrikant Zaveri**  
**Chairman & Managing Director**  
DIN: 00263725



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