TAiNWALA

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. Purpose and Scope:

The Policy for determining 'Material' Subsidiary Companies has been framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Policy will be used to determine the Material Subsidiaries of the Company 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 Regulations 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. Identification of 'Material' Subsidiary:

A subsidiary shall be considered material if, its turnover or net worth exceeds 10 per cent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3. Governance Framework:

i. 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, whether incorporated in India or not.

ii. The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.

iii. The minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of Directors of the Company.

iv. The management of the unlisted subsidiary 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.
A transaction or arrangement shall be considered significant if it exceeds or is likely to exceed 10 percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

v. At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary company, whether incorporated in India or not.

For the purposes of this provision, notwithstanding anything to the contrary contained in Clause 2 above, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceed 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

vi. The Company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than or equal to 50% or the Company ceases the exercise of control over such subsidiary;

Such approval shall not be required if the disinvestment is:
- under a scheme of arrangement duly approved by a Court/ 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.

vii. The Company shall obtain prior approval of shareholders by way of special resolution,if any sale, disposal and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year;

Such approval shall not be required, if such sale, disposal, lease of assets is:

- under a scheme of arrangement duly approved by a Court/Tribunal, or
- under a resolution plan duly approved under section 31 of the Insolvency Code andsuch an event is disclosed to the recognized stock exchanges within one day of theresolution plan being approved.

viii. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

4. Policy Review:

This policy will be reviewed by the Board of Directors of the Company or by any of its committee (as may be authorized by the Board of Directors in this regard) as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company or its Committee. The Board of Directors or its Committee (as may be authorized by the Board of Directors in this regard) shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board of Directors in this respect shall be final and binding.

The Company Secretary and / or the Compliance Officer shall ensure the compliance of this Policy and shall have the power to ask for any information or clarifications from the management in this regard.

The Company Secretary and / or the Compliance Officer shall monitor and ensure that as and when any of the subsidiary is determined as a Material Subsidiary the same shall be intimated to the Audit Committee. The Audit Committee shall review the same and make suitable recommendations to the Board to ensure compliance with the SEBI Listing Regulations in this regard.

Any subsequent amendment/modification in the Companies Act, SEBI Listing Regulations or the Rules and Regulations framed there under and/or any other laws in this regard shall automatically apply to this Policy.

In the event of any conflict between the provisions of this Policy and the Companies Act, SEBI Listing Regulations or the Rules and Regulations framed there under and/or any other statutory enactments, rules, the provisions of such

the Companies Act, SEBI Listing Regulations or the Rules and Regulations framed there under and/or statutory enactments, rules shall prevail over this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

5. Website:

This Policy shall be disclosed on the website of the Company.

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