

BINDAWALA BANIJYA LTD.

Policy for determining 'Material Subsidiaries'

Adoption Date: 28th March, 2015

Amendment Date: Resolution by circulation dated 29th March, 2019

1. Purpose and Scope:

The Policy for determining 'material' subsidiary companies was framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement, as amended, which became effective from October 1, 2014. Thereafter, Securities and Exchange Board of India (SEBI) repealed the existing Listing Agreement and replaced it with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR)) in December 2015. Further to the amendment of the SEBI (LODR) vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f. 1.4.2019, the definition of "material subsidiary" has been amended which requires amendment of this Policy. Accordingly, this Policy is amended to bring the same in line with the amendments in SEBI (LODR) dated 1st October, 2018.

The Policy will govern determination of the Material Subsidiaries of Bindawala Banijya Ltd. (the Company or) and to provide the governance framework for such subsidiaries.

2. Definitions

- a) **"Audit Committee or Committee"** means Audit Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and Companies Act, 2013.
- b) **"Material Unlisted Subsidiary"** shall mean a subsidiary whether incorporated in India or not, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- c) **"Material Subsidiary"** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- d) **"Policy"** shall mean the Policy for determining 'Material Subsidiaries'.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (LODR) (as amended) 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.

3. Governance framework:

A. For Material Unlisted Subsidiary

- i. At least one independent director on the board of directors of the Company shall be a director on the board of directors of a Material Unlisted Subsidiary, whether incorporated in India or not.
- ii. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Material Unlisted Subsidiary.
- iii. The minutes of the meetings of the board of directors of the Material Unlisted Subsidiary shall be placed at the meeting of the board of directors of the Company.
- iv. The management of the Material Unlisted Subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the material unlisted subsidiary.

The term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

B. For Material Subsidiary

- i. The Company shall not dispose of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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 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.
- ii. Selling, disposing and leasing of assets amounting to more than twenty percent 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, unless the sale/disposal/lease is made 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.

4. Secretarial Audit

The Company and its Material Unlisted Subsidiaries incorporated in India, shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

5. Policy Review:

This Policy is framed in relation to requirements of the SEBI (LODR).

In case of any subsequent changes in the provisions of the Companies Act, 2013 or SEBI (LODR) 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 modified by the Board of Directors.