

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

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1. BACKGROUND

The Policy for determining Material Subsidiary (“**Policy**”) has been framed in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and other applicable provisions (including any statutory enactments / amendments thereof).

The purpose of this Policy is determination of Material Subsidiaries of TBO Tek Limited (“**Company**”) and disclosure thereof as required under the SEBI Listing Regulations. The Policy also intends to ensure governance of Material Subsidiaries by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/ arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such Subsidiaries by the Company.

2. EFFECTIVE DATE

This Policy shall apply to the Company and its Subsidiaries and become effective from November 24 2021.

3. DEFINITIONS

- (a) “**Audit Committee**” shall mean the Audit Committee constituted by the Board of Directors of the Company from time to time under provisions of the SEBI Listing Regulations and the Companies Act.
- (b) “**Board**” shall mean the Board of Directors of the Company.
- (c) “**Company**” shall mean TBO Tek Limited.
- (d) “**Companies Act**” shall mean the Companies Act, 2013 and the rules made there under.
- (e) “**Control**” shall include the right to appoint majority of the Directors or to control the management or Policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.
- (f) “**Directors**” implies all the Directors on the Board.
- (g) “**MD**” and “**CEO**” shall mean the Managing Director(s) and Chief Executive Officer of the Company respectively.
- (h) “**Independent Director**” or “**ID**” shall mean a director who satisfies the criteria of independence as prescribed under the Companies Act, the rules made thereunder and the Listing Regulations and is on the Board of the Company.
- (i) “**Insolvency Code**” shall mean the Insolvency and Bankruptcy Code, 2016 and the rules framed thereunder, as amended from time to time.
- (j) “**Material Subsidiary**” (including Unlisted Material Subsidiary) shall mean unless specified otherwise, a subsidiary whose income or net worth exceeds 10% (Ten) of the consolidated income (including other income) or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
- (k) “**Policy**” shall mean this Policy for determination of Material Subsidiary.
- (l) “**SEBI Listing Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- (m) “**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 unlisted Subsidiary for the immediately preceding accounting year.
- (n) “**Subsidiary**” shall have the meaning ascribed to it under the Companies Act.

- (o) “**Unlisted Material Subsidiary**” shall mean a Material Subsidiary whose shares are not listed on any of the stock exchanges in India.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation and the rules, notifications and circulars made/issued thereunder, as amended, from time to time.

4. OBJECTIVE OF THE POLICY

The objective of this Policy is to determine the:

- (a) Meaning of Material Subsidiary;
- (b) Requirement of an ID in Unlisted Material Subsidiaries;
- (c) Restriction on disposal of shares of a Material Subsidiary by the Company;
- (d) Restriction on transfer of assets of a Material Subsidiary; and
- (e) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

5. GOVERNANCE FRAMEWORK

- (a) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary of the Company.
- (b) The minutes of the Board meetings of the unlisted Subsidiary of the Company shall be placed before the Board.
- (c) The management of an unlisted Subsidiary of the Company shall periodically bring to the attention of the Board, a statement of all Significant Transactions and Arrangements entered into by an unlisted Subsidiary of the Company.
- (d) At least one ID of the Company shall be a director on the board of directors of an unlisted material subsidiary of the Company. For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16(1)(c) of the SEBI Listing Regulations, the term “material subsidiary” shall mean a Subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

6. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

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 or equal to 50% or cease the exercise of control over the Subsidiary without passing a special resolution in its general meeting except in such cases where 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 1 day of the resolution plan being approved.

7. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY

Selling, disposing and leasing of assets amounting to more than 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, 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 1 day of the resolution plan being approved.

8. AMENDMENT

Any change in the Policy shall be approved by the Board. The Board 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 in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

9. DISCLOSURES

This Policy shall be disclosed on the Company's website at www.tbo.com and a web link thereto shall be disclosed in the Annual Report of the Company.