

D. B. Corp Limited

Policy on Material Subsidiaries

1. Preamble

Securities and Exchange Board of India (SEBI) through the Listing Agreement (including any statutory enactments and amendments thereof) requires all listed companies to formulate a policy for determining 'material subsidiary', applicable from 1st October, 2014.

In terms of amended clause 49 of Listing Agreement, the Board of Directors (the "Board") of D. B. Corp Limited (the "Company" or "DBCL"), has adopted the following policy and procedures with regard to determination of Material Subsidiaries. The Audit Committee will review and may amend this policy from time to time.

This Policy will be applicable to the Company effective 1st October 2014.

2. Purpose

To determine the Material Subsidiaries of D. B. Corp Limited and to provide the governance framework for such subsidiaries.

3. Definitions

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and Companies Act, 1956 / 2013, as amended from time to time.

"Board" means Board of Directors of the Company.

"Independent Director" means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as mentioned under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

"Policy" means Policy on Material Subsidiaries.

"Material Non-Listed Indian Subsidiary" shall mean an unlisted subsidiary which is incorporated in India and whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth of the Company and its subsidiaries in the immediately preceding accounting year.

"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 material unlisted subsidiary for the immediately preceding accounting year.

"Subsidiary" shall be as defined under the Companies Act, 2013 as amended from time to time and the Rules made thereunder.

4. Policy

1. A subsidiary shall be a **Material Subsidiary**, if either of the following conditions is satisfied:
 - a. In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b. Which has generated 20% of the consolidated income of the Company during the previous financial year.
2. At least One **Independent Director** of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
3. The Audit Committee of the Board of Directors of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
4. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
5. The management shall bring to the attention of the Board of Directors of the listed holding Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
6. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.

5. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not

A] dispose of shares in Material Subsidiaries which would:

- a. reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. cease the exercise of control over the Subsidiary;

except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

B] sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

6. Applicability of Policy to Listed Subsidiary, which is itself a Holding Company

In case the Company happens to have a Listed Subsidiary, which is itself a holding company, the provisions of Clause 4 & 5 shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

7. Amendments

This policy may be amended by the Board at any time and is subject to the (i) amendments to the Companies Act, 2013 and rules made thereunder and (ii) further guidelines and enactments by the SEBI, including Listing Agreement.

8. Disclosures

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at www.bhaskarnet.com
