

FORBES & COMPANY LIMITED

Policy on Material Subsidiary

1. Purpose

The purpose of this Policy is determination of Material Subsidiaries as required by Regulation 24 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

2. Definitions

The definitions of some of the key terms used in this Policy are given below.

"Act" shall mean the Companies Act, 2013 as amended from time to time and the Rules framed thereunder.

"**Audit Committee**" means "Audit Committee" constituted by the Board of Directors of the Company in accordance with section 177 of the Act and read with Regulation 18 of the SEBI LODR.

"**Board of Director**" or "**Board**" means the Board of Directors of Forbes & Company Limited, as constituted from time to time.

"**Company**" shall mean Forbes & Company Limited.

"**Independent Director**" means a non-executive director who satisfies criteria for independence under the Act and the SEBI LODR.

"**Policy**" means Policy on Material Subsidiary.

"**Material Non-Listed Indian Subsidiary**" shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

"**Material Subsidiary**" shall mean a subsidiary: whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity 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 mean as defined under the Act.

3. Policy

- a. At-least one Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
Material Subsidiary for the purposes of appointment of Independent Director shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- b. The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c. The minutes of the Board meetings of the unlisted subsidiary company shall be periodically placed at the Board meeting of the listed holding company
- d. The management of the unlisted subsidiary should periodically 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.

4. Disposal of Subsidiaries

The Company, without the prior approval of the members by Special Resolution (except 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 recognised stock exchanges within one day of the resolution plan being approved), shall not:

- a. dispose shares in Material Subsidiary that reduces 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; or
- c. sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary.

5. Disclosures

The Policy for determining material subsidiaries is to be disclosed on the website of the Company www.forbes.co.in/ and a web link thereto shall be provided in the Annual Report of the Company.

6. Review of the Policy

This Policy shall be subject to review by the Board as may be deemed necessary or to meet any regulatory requirements.

7. Interpretation & Review

- i. Subject to the superintendence of the Board, this Policy shall be interpreted and administered by the Audit Committee.

- ii. The provisions of the Act and SEBI (SEBI LODR shall be deemed to have been mutatis mutandis specifically incorporated in this Policy and in case any of the provision of this Policy is inconsistent with the provisions of Act and/or SEBI LODR, the provisions of Act and/or SEBI LODR shall prevail.
- iii. The capitalized words not specifically defined in the Policy shall have the same meaning as under the Act or SEBI LODR.
- iv. For interpretation of this Policy, reference and reliance may be placed upon circulars/clarifications issued by the Ministry of the Corporate Affairs or SEBI and/or any other authority.
- v. The Audit Committee may review the Policy from time to time and make recommendations for amendment as it may deem appropriate.