

DIANA TEA COMPANY LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. **Introduction:**

The Board of Directors of Diana Tea Company Limited (the “Company”) has adopted the following policy and procedures with regard to determination of material subsidiary (ies). As on date of formulating this Policy, the Company has no subsidiaries and there is no immediate applicability. However, the policy is devised in order to cater to the needs of the company in future when the Company would own Subsidiaries. The Board may review and amend this Policy from time to time.

2. **Title & Applicability:**

This Policy shall be called “Policy for determining material subsidiaries”.

This Policy will be applicable to the Company with effect from 1 December, 2015 in terms of Regulation 16 (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

3. **Objective:**

The objective of this Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

4. **Definitions:**

“**Board of Directors**” or “**Board**” means the Board of Directors of Diana Tea Company Limited, as constituted from time to time.

“**Company**” means Diana Tea Company Limited

“**Policy**” means this Policy, as amended from time to time.

“**Subsidiary**” shall mean a subsidiary as defined under the Act and Rules made thereunder.

“Material Non Listed Indian Subsidiary” shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges whose income or net worth (i.e. paid-up capital and free reserves) exceeds 20 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

“Audit Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI’s LODR Regulations, 2015 and the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder from time to time, the Listing Regulation, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

5. Policy:

A subsidiary shall be considered **Material** if any of the following conditions are satisfied:

the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or

the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

6. Governance Framework:

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

The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company.

The management should 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.

One Independent Director of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.

7. Disposal of Material Subsidiary:

The Company shall not :

dispose of the shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting, except in cases where divestment is made under a scheme or arrangement duly approved by a Court/Tribunal.

sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

8. Amendments:

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

9. Scope and Limitation:

In the event of any conflict between the provisions of this Policy and the SEBI's LODR Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

10. Disclosure:

As prescribed under Regulation 46 (1) of the SEBI's LODR Regulations, this policy shall be disclosed on the company's website www.dianatea.in.
