

Policy on Material Subsidiary Companies

1. INTRODUCTION

The Board of Directors of Taneja Aerospace and Aviation Limited (“TAAL or Company”) has adopted this Policy on Material Subsidiary Companies in accordance with the requirement of clause 49 of the Equity Listing Agreement with the Stock Exchange including any amendments thereof.

2. MATERIALITY THRESHOLD

A subsidiary of the Company shall be considered ‘material’ if the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

3. OTHER PROVISIONS

- a. 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 50% 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.
- b. The Company shall not sell, dispose 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.

4. EFFECTIVE DATE

This Policy shall come into effect from October 1, 2014.