



BHAGYANAGAR INDIA LIMITED

(CIN- L27201TG1985PLC012449)

Regd. Off: 5th Floor, Surya Towers, S.P.Road, Secunderabad-500 003

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

PREAMBLE

Bhagyanagar India Limited has, in accordance with Regulation 16(c) and Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions (including any statutory enactments/ amendments thereof), adopted the following policy for laying down criteria for determining "Material Subsidiary(ies)" and their governance.

The policy is intended to augment and work in conjunction with regulatory provisions and other company policies.

OBJECTIVES OF THE POLICY

The objective of this policy is to:

- to determine the material subsidiary(ies); and
- to provide governance framework for such subsidiaries.

DEFINITIONS

- "Act" means the Companies Act, 2013, rules framed thereunder and any amendments thereto;
- "**Audit Committee**" shall mean a committee of Board of Directors of the Company constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- "**Board**" shall mean Board of Directors of Bhagyanagar India Limited, as constituted from time to time.
- "**Company**" The words "This Company", "The Company", "Company" wherever occur in the policy shall mean "Bhagyanagar India Limited".
- "**Independent Director**" shall mean a Director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- "**Material non listed Indian subsidiary**" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceed twenty per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.
- "**Material Subsidiary**" shall mean a subsidiary in which the investment of the Company exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or a subsidiary which has generated twenty per cent of the consolidated income of the Company during the previous financial year.
- "**Policy**" shall mean this policy, as amended from time to time.

- “**Significant transaction or arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent 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 subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other SEBI Regulation(s) as amended from time to time.

CRITERIA FOR DETERMINING MATERIAL SUBSIDIARIES

The Audit Committee shall in its meeting, in which audited financial results of the Company for previous year are considered, review all its subsidiaries on annual basis and upon that review a subsidiary fulfilling the criteria of “material subsidiary” shall be regarded as such for the current financial year.

The Company will ensure the compliance of requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to the material subsidiary (ies).

GOVERNANCE OF MATERIAL SUBSIDIARIES

- At least one independent director on the Board of Directors of the Company shall be a Director on the Board of Directors of a material non-listed Indian subsidiary company.
- The Audit Committee of the Company shall also review financial statements of each unlisted subsidiary including material subsidiary, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company (irrespective of materiality) shall be placed at the Board meeting of the listed holding 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.

DISPOSAL OF SHARES OR ASSETS OF MATERIAL SUBSIDIARY COMPANIES

Disposal of shares in its material subsidiary, by the Company 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 shall require 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.

Selling, disposing and leasing of assets amounting to more than twenty per cent of the assets of the material subsidiary 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.

DISCLOSURES

The Company shall make the necessary disclosures of related party transactions in the Board’ Report as required under the Act. The contents of this policy as amended from time to time shall be displayed on the Company’s website viz., www.bhagyanagarindia.com.

AMENDMENT

The Board of Directors 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, 2013 or the Rules framed there under or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.
