



## POLICY FOR DETERMINING MATERIAL SUBSIDIARY

### PREAMBLE

This Policy has been formulated in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") and has been approved by the Board of the Company pursuant to a resolution dated 12-02-2018.

This Policy is intended to laying down the criteria for determining "material subsidiary(ies)" and their governance. .

This Policy will come into effect from the date of listing of the equity shares of the Company on BSE Limited and National Stock Exchange of India Limited.

### OBJECTIVE OF THE POLICY

The objective of this policy is to:

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

### DEFINITIONS

1. "**Act**" means the Companies Act, 2013, rules framed thereunder and any amendments thereto;
2. "**Audit Committee**" shall mean a committee of the Board constituted by the Board in accordance with Section 177 of the Act and Regulation 18 of the Regulations.
3. "**Board**" shall mean the board of directors of the Company, as constituted from time to time.
4. The words "This Company", "The Company", "Company" wherever occur in the policy shall mean "Bharat Hotels Limited".
5. "**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 Act and the Regulations.
6. "**Material Subsidiary**" shall mean a Subsidiary of the Company whose income or net worth exceeds twenty per cent of the consolidated income or net worth respectively of the Company and its subsidiaries during the previous financial year as mentioned in Regulation 16 (c) of the Listing Regulations .

7. **“Policy”** shall mean this policy on determination of material subsidiaries, as amended from time to time.
8. **“Listing Regulations”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
9. **“SEBI”** shall mean the Securities and Exchange Board of India.
10. **“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 unlisted material subsidiary for the immediately preceding accounting year as mentioned in Explanation to Regulation 24(4) of the Listing Regulations.
11. **“Subsidiary”** shall mean subsidiary as defined under Section 2(87) of the Act.

## **INTERPRETATION**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Act, the Regulations and/or any other applicable law.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final.

## **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 the Subsidiaries of the Company on an 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 the Regulations with respect to the Material Subsidiary(ies).

## **GOVERNANCE OF SUBSIDIARIES**

At least one independent director on the Board of the Company shall also be on the board of such unlisted Material Subsidiary, incorporated in India.

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

The minutes of the meetings of the board of directors of the unlisted Subsidiary shall be placed at the meeting of Board of Directors of the Company.

The management of the unlisted Subsidiary shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

#### **DISPOSAL OF SHARES OR ASSETS OF MATERIAL SUBSIDIARY COMPANIES**

Disposal of shares in the 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 such Material Subsidiary shall not be permitted without adopting a special resolution in a general meeting of the Company, 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 on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

#### **DISCLOSURES**

This Policy shall be disclosed in the annual report of the Company and posted on the website of the Company, if required under the Companies Act, 2013 and rules thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and any other regulatory requirements.

#### **AMENDMENT**

The Board periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Act, the Regulations and other applicable laws.

**DATE : 12-02-2018**