

BHARAT ROAD NETWORK LIMITED

POLICY ON DETERMINING “MATERIAL” SUBSIDIARIES

(Pursuant to Regulation 16 (c) of SEBI (LODR) Regulations, 2015)

1. INTRODUCTION

The Board of Directors (the “Board”) of Bharat Road Network Limited (the “Company”) has adopted the following policy and procedures with regard to determination of “Material” Subsidiaries. The Board may review and amend this policy from time to time.

This Policy shall be applicable to the Company with effect from the date the Company gets listed on the stock exchanges. This Policy is in terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. POLICY OBJECTIVE

The objective of the policy is to determine the “material” subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. DEFINITIONS

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Regulations with the Stock Exchanges and the Companies Act, 2013 & rules framed thereunder.

“**Board of Director**” or “**Board**” means the Board of Directors of Bharat Road Networks Limited, as constituted from time to time.

“**Chief Financial Officer**” (“**CFO**”) means a person appointed as the Chief Financial Officer of a Company.

“**Company**” means a company incorporated under the Companies Act, 2013 or under any previous company law.

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria's for independence under the Companies Act, 2013 and the Listing Regulations with the Stock Exchanges.

“**Listing Regulations**” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Policy**” means Policy on Material Subsidiary.

“**Material Non Listed Indian Subsidiary**” means an unlisted Subsidiary, incorporated in India, whose income or networth (i.e. paid up capital and free reserves) exceeds 20% of the

consolidated income or networth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

“Significant Transaction or Arrangement” means 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” has the meaning as assigned to it under the Companies Act, 2013 and the Rules framed thereunder.

4. POLICY

1. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
 - a) In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b) If the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.
2. Atleast one Independent Director on the Board of Directors of the Holding Company shall be a director on the Board of Directors of a Material Non-Listed Indian Subsidiary Company.
3. The Audit Committee of the listed Holding Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
4. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed at the Board Meeting of the listed Holding Company.
5. The CFO should periodically bring to the attention of the Board of Directors of the listed company, a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary Company.
6. The CFO shall present to the Audit Committee annually the list of such material subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.
7. Furthermore, where a listed Holding Company has a listed Subsidiary which is itself a Holding Company, the above clauses of policy shall apply to the listed Subsidiary in so far as its Subsidiaries are concerned.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the approval of the Members by Special Resolution in its General Meeting, shall not:

- a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty per cent) ; or
- b. ceases the exercise of control over the Material Subsidiary.

The Company, without the prior approval of the Members by Special Resolution, shall not sell, dispose or lease the assets amounting to more than 20% (twenty per cent) of the assets of the material subsidiary on an aggregate basis during a financial year.

However, where a divestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, the aforesaid restrictions shall not apply.

6. DISCLOSURES

The Company shall disclose the Policy on the Company's website and a web link thereto shall be provided in the Annual Report.

Date: 17.10.2016

This Policy has been reviewed by the Audit Committee in its meeting and approved by the Board at its meeting held on 17.10.2016 and has been made effective from the date the Company gets listed on the stock exchanges.