

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 is in terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

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.

“Net Worth” shall mean the net worth as defined in 2(57) of the Companies Act, 2013.

“Policy” means Policy on Material Subsidiary.

“Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Material Unlisted Indian Subsidiary” means an unlisted Subsidiary, incorporated in India, whose income or networth exceeds 10% 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 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. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY

1. Atleast one Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of an unlisted material Subsidiary Company, whether incorporated in India or not.

Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

2. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed at the Board Meeting of the Company.
4. 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.
5. 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.

6. 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 or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within 1 (one) day of the resolution plan being approved, the aforesaid restrictions shall not apply.

6. LIMITATION AND AMENDMENT

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

Any subsequent amendment/modification in the Companies Act, 2013 or SEBI Listing Regulations or other applicable rules and laws in this regard shall automatically apply to this Policy.

This Policy may be reviewed and amended by the Audit Committee and / or Board of the Company from time to time, as may be deemed necessary.

7. 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: 12.02.2020

This Policy has been reviewed and approved by the Board at its meeting held on 12.02.2020 and has been made effective from the date the Company gets listed on the stock exchanges.