



BINANI INDUSTRIES LIMITED

POLICY FOR

DETERMINING 'MATERIAL SUBSIDIARIES'

1. OBJECTIVE:

For a Holding Company like Binani Industries Limited ('Company'), having various Subsidiary/Step-down Subsidiary companies in India and overseas, it is necessary to have Governance Framework on the management and workings of the Subsidiaries including that are larger in size and could materially affect the Holding Company. Clause 49 of the Stock Exchange Listing Agreement has laid down certain parameters for identifying such 'Material Subsidiaries'. The Board of Directors('Board') of the Company has therefore formulated this Policy for the purpose of determining the Material Subsidiaries to lay down governance framework of subsidiaries in compliance with the provisions of Clause 49 V of the Listing Agreement.

2. DEFINITIONS:

Material Unlisted Subsidiary Company means, a subsidiary shall be considered as "Material" if the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent or more of the consolidated income of the Company during the previous financial year.

However, in case the consolidated Net Worth of the Company being negative at the end of the immediately preceding Financial year, the Material Unlisted Subsidiary shall mean an Unlisted Subsidiary which has generated twenty percent or more of the consolidated income of the Company for the immediately preceding Financial Year.

Material Non-listed Indian Subsidiary means an unlisted subsidiary, incorporated in India, whose income or Net Worth (Paid-up Share capital and Free Reserves) exceeds 20% of the consolidated income or Net Worth respectively of the listed Holding Company and its Subsidiaries, in the immediately preceding financial year.

However, in case the consolidated Net Worth of the Company being negative at the end of the immediately preceding Financial year, the Material Non-listed Indian Subsidiary shall mean an unlisted subsidiary whose income exceeds 20% of the consolidated income of the Company for the immediately preceding Financial Year.

Significant transaction or arrangement: The term "significant transaction or arrangement" shall mean 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 financial year.

3. GOVERNANCE FRAMEWORK.

- The Company shall nominate at least one of its Independent Directors on the Board of Directors of the Material Non-listed Indian Subsidiary Company.
- The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
- The minutes of the Board Meetings of the Unlisted subsidiary companies shall be placed at the Board meeting of the Company.
- The Chief Financial Officer of the Company shall on a quarterly basis, 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 companies.
- The Company shall not dispose- off its holding in the shares of in its Material Unlisted Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease to exercise of control over any such subsidiary, without obtaining consent of its Shareholders by way of Special Resolution, except where such divestment is made under a Scheme of Arrangement duly approved by the Court/Tribunal..
- The Company shall obtain prior approval of its Shareholders by way of Special Resolution before selling, disposing and leasing of any assets of Material Unlisted Subsidiaries having value exceeding twenty percent of the assets of the Material Non-Listed Subsidiary, or on aggregate basis during a financial year, unless such sale/disposal/Lease is made pursuant to a Scheme of Arrangement duly approved by a Court/Tribunal.

4. SCOPE AND LIMITATION:

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