

## POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY(IES)

### 1. LEGAL FRAMEWORK

**Explanation to Regulation 16 (1) (c)** of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") requires every listed company to formulate a policy for determining "material" subsidiaries and **Regulation 46(2)(h)** of the SEBI Listing Regulations requires each listed company to publish such Policy under a separate section on its website.

This Policy for Determination of Material subsidiary(ies) ("**Policy**") has been adopted, in accordance with the SEBI Listing Regulations. The Board of Directors of the Company may amend this policy from time to time provided such amendments are in line with the SEBI Listing Regulations.

### 2. OBJECTIVE OF THE POLICY

The whole intent of this Policy is to determine:

- Identification of Material Subsidiaries and disclosure thereof as required under the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.
- To ensure governance of Material Subsidiaries by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions / arrangements,
- Provisions regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

### 3. DEFINITIONS

"**Act**" means the Companies Act, 2013.

"**Audit Committee or Committee**" shall mean the Committee of Board of Directors of the Company constituted under provisions of SEBI Listing Regulations and Companies Act, 2013 and the rules made thereunder.

"**Board**" or "**Board of Directors**" means the board of Directors of the Company.

"**Company**" means Bharat FIH Limited.

"**Control**" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

"**Material Subsidiary**" means a subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth, respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

"**Material Unlisted Subsidiary**" means an Material Subsidiary whose securities are not listed on any recognized Stock Exchanges.

"**Policy**" means this policy, as amended from time to time.

"**SEBI Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

**"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 unlisted Subsidiary for the immediately preceding accounting year.

**"Subsidiary(ies)"** shall mean a subsidiary as defined under the Act and the rules made thereunder.

*All other words and expressions used but not defined in this Policy, but defined in the Companies Act, 2013, the SEBI Listing Regulations and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.*

## 4. EFFECTIVE DATE

The Board at its meeting held on December 14, 2021 has approved and adopted the Policy. The Policy shall become effective from the date of listing and the commencement of trading of the Equity Shares of the Company on the stock exchanges.

## 5. FRAMEWORK ADOPTED BY THE COMPANY

- a. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary of the Company.
- b. The minutes of the Board meetings of the unlisted Subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- c. The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary Company.
- d. The management of the unlisted Subsidiary shall periodically bring to the notice of the Board of the Bank, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary.
- e. At least one Independent Director of the Company shall be a director on the board of the Material Unlisted Subsidiary whether incorporated in India or not.
- f. 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.
- g. The Company shall not dispose of shares in its Material Subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by Court/Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- h. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year 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 or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- i. The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in Form No. MR-3 as specified under the Act with effect from the year ended March 31, 2019.
- j. Where the Bank has a listed Subsidiary, which itself is a holding company, this Policy shall apply to the listed Subsidiary in so far as its Subsidiaries are concerned.

## **6. AMENDMENTS**

As the Policy is derived from the provisions of SEBI Listing Regulations read with Companies Act, 2013, provisions of this policy shall stand automatically revised to reflect any amendment to the SEBI Listing Regulations or Companies Act, 2013 from time to time. The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace this Policy entirely with a new policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

## **7. LIMITATIONS**

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

For interpretation of this Policy, reference and reliance may be placed upon circulars/clarifications issued by the MCA, SEBI and/or any other authority.

## **8. DISSEMINATION OF POLICY**

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.