

B.N. RATHI SECURITIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

B.N. RATHI SECURITIES LIMITED (**‘the Company**), being a Listed Company, is also governed by the rules and regulations issued by Securities and Exchange Board of India (SEBI). SEBI, in Clause 49 of the Revised Listing Agreement introduced new requirement for Material Subsidiary Companies of a Listed Company.

This policy will be used to determine the Material Subsidiary Company and Material NonListed Indian Subsidiary Company of the Company and to provide the governance framework for such subsidiaries.

The Board of Directors (Board) of the Company has adopted the Policy for Determining Material Subsidiaries (Policy) in accordance with the Regulation 27 of SEBI (LODR) Regulations 2015 enumerated below.

II. Definitions The terms defined in this Policy shall have the meanings herein specified and terms not defined shall have the meanings as defined in the Companies Act, 2013 ('Act') and Regulation 27 of SEBI (LODR) Regulations 2015 including any statutory modifications or reenactments thereof.

“Act” means the Companies Act, 2013 including any statutory modification or re-enactment thereof.

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with Regulation 27 of SEBI (LODR) Regulations 2015.

“Board of Directors” or “Board” means the Board of Directors of B.N. Rathi Securities Limited, as constituted from time to time. “Company” means B.N. Rathi Securities Limited.

“Group,, means B.N. RATHI SECURITIES LIMITED and its Subsidiary Companies.

“Independent Director” means an independent director referred to in sub-section (6) of Section 149 of the Act and appointed as such;

“Policy” means Policy for determining Material Subsidiary (ies) of the Company amended from time to time.

"Material Subsidiary" shall mean a Subsidiary in which the Investment of the Company exceeds 20% of its consolidated net worth of the Group or a Subsidiary who has generated more than 20% of the consolidated income of the Group during the previous financial year as per the audited financial statements for the previous financial year of the Group.

"Material Non Listed Indian Subsidiary" means a Material Subsidiary, incorporated in India, whose securities are not listed on any recognized stock exchanges in India.

"Listed Indian Company" means a company, incorporated in India which has any of its securities listed on any recognized stock exchanges in India;

"Recognized stock exchange" means a recognized stock exchange as defined in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

"Securities" means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

"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" means a Subsidiary Company as defined in Section 2(87) of the Act.

III. Policy and Procedure:

1. The Management will identify the Subsidiary Company (ies) of the Company which fulfils the conditions laid down in Section 2(87) of the Companies Act, 2013 on periodic basis.
2. The Management will identify amongst the Subsidiary Company (ies), Material Subsidiary (ies), which are, listed or non-listed, and, Indian or non-Indian and will present the details of Material Subsidiary (ies) together with the details of materiality defined therein before the Board and Audit Committee of the Board.
3. The Audit Committee 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 Company shall be placed at the Board Meeting of the Company at regular intervals.
5. The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
6. One Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Indian Subsidiary.
7. The Company shall not dispose of shares in Material Subsidiary, 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 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.

8. 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.

IV. Disclosures:

The Company shall disclose in its Board's Report, details of this Policy as required under the Act and SEBI (LODR) Regulations 2015. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's Report.

V. Limitation and Amendment:

In the event of any conflict between the provisions of this Policy and of the Act or SEBI(LODR) Regulations 2015 or any other statutory enactments, rules, the provisions of such Act or SEBI(LODR) Regulations 2015 or Statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI (LODR) Regulations 2015, Act and / or applicable laws in this regard shall automatically apply to this policy.