

# **BN HOLDINGS LIMITED**

**(Formerly Arihant Tournesol Limited)**

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## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

*(Policy under Regulation 16(1)(c) (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with SEBI Circular.)*

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## 1. INTRODUCTION:

Pursuant to the provisions of Regulation 16(1) (c) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Company has framed its Policy for Determining Material Subsidiaries. This Policy has been adopted by the Board of Directors of the Company at its meeting held on May 15, 2024, based on the recommendations of the Audit Committee, effective May 15, 2024

## 2. OBJECTIVE

The objective of this Policy is to determine any subsidiary as a material subsidiary of the Company and to provide a governance framework for such material subsidiary.

## 3. DEFINITIONS

- a) **“Board of Directors” or “Board”** means the Board of Directors of BN Holdings Limited (Formerly Arihant Tournesol Limited), as constituted from time to time.
- b) **“Company”** means BN Holdings Limited (Formerly Arihant Tournesol Limited).
- c) **“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 for independence under the Companies Act, 2013 (“the Act”) and Listing Regulations.
- d) **Material Subsidiary:** A subsidiary shall be considered as Material Subsidiary if:
  - i. Income exceeds 10% (ten percent) of the consolidated income of the Company and its subsidiaries in immediately preceding accounting year; or
  - ii. Net worth exceeds 10% (ten percent) of the consolidated net worth of the Company and its subsidiaries in immediately preceding accounting year.
- e) **“Policy”** means this Policy for Determining Material Subsidiaries, as amended from time to time.
- f) **“Subsidiary”** shall mean a subsidiary as defined under the Act and Rules made thereunder (as amended from time to time).

Any other term not defined herein shall have the same meaning as defined in the Act, Listing Regulations or any other applicable law or regulation.

#### 4. GOVERNANCE FRAMEWORK

- a) A list of all Material Subsidiaries shall be presented to the Audit Committee and Board annually.
- b) The Audit Committee shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c) The minutes of the Board meeting of unlisted subsidiary company shall be placed before Board of Directors of the company.
- d) The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered by the unlisted subsidiary company.

*For the purpose of this clause, a transaction or arrangement shall be considered significant if it exceeds or is likely to exceed 10 (ten) percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding financial year.*

- e) The Company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than 50 (fifty) percent or the Company ceases the exercise of control over such subsidiary;

However, such approval shall not be required if the disinvestment is:

- i. under a scheme of arrangement duly approved by a Court/Tribunal, or
- ii. 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 one day of the resolution plan being approved.

- f) The Company shall obtain prior approval of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20 (twenty) percent of the assets of the material subsidiary on an aggregate basis during a financial year;

However, such approval shall not be required, if such sale, disposal, lease of assets is:

- i. under a scheme of arrangement duly approved by a Court/Tribunal, or
- ii. 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 one day of the resolution plan being approved.

g) Every material unlisted subsidiary, incorporated in India, shall undertake secretarial audit and shall annex with the annual report of the Company, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

h) At least one independent director of the Company shall be appointed as a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

*For this purpose, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.*

#### **5. REVIEW / AMENDMENT**

The Board may, subject to applicable laws, review and amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

#### **6. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Regulations/the Act or any other statutory enactments, rules, the provisions of such Listing Regulations / the Act or statutory enactments, rules (as amended from time to time) shall prevail over this Policy.

The provisions in the Policy would be modified in due course to make it consistent with statutory provisions/law.

#### **7. REPORTING AND DISCLOSURE**

In compliance to Regulation 46 (1) (h) of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.