



POLICY ON MATERIAL SUBSIDIARY

OF

BAANGANGA GOLD & DIAMOND (I) LIMITED

(Erstwhile known as Baanganga Gold & Diamond (I) Private Limited)

(Approved by the Board at its meeting held on _____)

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1. INTRODUCTION

Baanganga Gold & Diamond (I) Limited (Erstwhile known as Baanganga Gold & Diamond (I) Private Limited) (hereinafter referred to as “**the Company**”) in compliance with Regulation 16 (1)(c) read with Regulation 46(2)(h) of the Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), has adopted and formulated a policy on “material” subsidiary.

This policy shall be governed by the provisions of the SEBI Act, Rules and Regulations made thereunder and all other applicable laws for the time being in force.

2. OBJECTIVE

This policy determines the criteria for identification of a ‘Material Subsidiary’, and disclosure thereof as required under the Listing Regulations. This Policy also intends to inter alia, ensure governance of Material Subsidiaries by complying with directorship requirements, review of financial statements, bringing to the attention of the board of directors (“**Board**”) certain transactions/ arrangements, rules regarding disinvestment of shares held by the Company, as well as restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

The Audit Committee may monitor and review the Policy and recommend the necessary changes to the Board for its approval.

3. DEFINITIONS

“**Audit Committee**” means the committee formed under Section 177 of the Companies Act, 2013.

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

“**Subsidiary**” shall have the same meaning as ascribed to it under the Companies Act, 2013 and the rules made thereunder. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation, 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.

4. COMPLIANCES UNDER REGULATIONS

In terms of Regulation 24 of Listing Regulations, the Company shall make the following compliances in connection with the Material Subsidiary: -

4.1 The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

4.2 The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of the Company.

4.3 The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions or Arrangements entered into by the unlisted subsidiary.

4.4 Where the Company has a listed Subsidiary, which is itself a holding Company, the provisions of this Policy shall also apply to the listed Subsidiary in so far as its subsidiaries are concerned.

4.5 At least one independent director on the board of directors 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.

Explanation: Notwithstanding anything contained in this policy, for the purpose of above, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

4.6 The Company shall not dispose of the shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease to exercise 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 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 One day of the resolution plan being approved.

4.7 The Company shall not sell, dispose of or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without

the prior approval of its 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 Code and such an event is disclosed to the recognized stock exchanges within one day of resolution plan being approved.

Nothing contained in this sub-clause shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

5. POLICY AMENDMENT AND REVIEW

The Board is, subject to applicable laws, entitled to amend, suspend or rescind this policy at any time. Any difficulties or ambiguities in the policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this policy of any relevant applicable law, such applicable law in force, from time to time, shall prevail over this Policy.

6. DISCLOSURE

The policy, as amended from time to time, is disclosed on Company's website i.e. <https://baangangagold.com/>.