



BANNARI AMMAN SPINNING MILLS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

BANNARI AMMAN SPINNING MILLS LIMITED

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARIES

1. Purpose of the Policy

The purpose of this Policy is determination of Material Subsidiaries and to provide Governance framework thereof as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

2. Objective

The objective of this Policy is to determine –

- i. meaning of ‘Material’ Subsidiary
- ii. requirement of Independent Director in certain Unlisted Material Indian Subsidiaries
- iii. Restriction on disposal of shares of Material Subsidiary by the Company
- iv. Restriction on transfer of assets of Material Subsidiary and
- v. Disclosure requirements, based on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) and any other laws and regulations as may be applicable to the Company.

3. Definitions:

- i. “Company” means Bannari Amman Spinning Mills Limited
- ii. “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.
- iii. “Material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- iv. “Material Non-Listed Indian Subsidiary” implies an unlisted subsidiary, incorporated in India, whose income or net worth (“net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, securities premium account and debit or credit balance of profit and loss account, , after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation) exceeds 10% of the consolidated income or net worth

respectively, of the Company and its Subsidiaries in the immediately preceding accounting year

- v. "Significant Transaction or Arrangement" implies 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.

4. Requirements

- i. The Company, without prior approval of the shareholders by special resolution, shall not:
 - a. dispose of shares in the Material Subsidiary that reduces shareholding of the Company (either its own or together with other subsidiaries) to less than 50% or results in cessation of control over the Material 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.
 - b. sell, dispose of or lease the assets amounting to more than 20% of the assets (on an aggregate basis during a financial year) of the Material Subsidiary as per its audited stand-alone financial statements of previous financial year, Except in cases where such disinvestment/sale/disposal/lease as the case may be, is made under a scheme of arrangement duly approved by the Court/Tribunal.
 - c. At least one independent director on the Board of the Company, will be appointed as a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not.
 - d. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary (including material subsidiary) Company on an annual basis.
 - e. The minutes/gist of meeting of the Board of the unlisted Subsidiary (including material subsidiary) Company shall be placed at the Board Meeting of the Company.
 - f. The management shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary Company.
 - g. Selling, disposing and leasing of assets amounting to more than twenty percent 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- h. This Policy shall be disclosed on the Company's website
 - i. Compliance with the Policy - It shall be the responsibility of the Company Secretary to ensure compliance with the Policy and that the approval process is duly followed and data required for the approval process is made available to the respective approving authority. In case of non-compliances, it shall be the responsibility of the Company Secretary to report the non-compliance to the Audit Committee/Board of Directors. The Audit Committee/Board of Directors may take appropriate mitigating actions in compliance with prevailing laws. In case there is any conflict between the provisions of this Policy and the LODR, the Act or any other Statute/Rule/Regulation, the provisions of the LODR, the Act or such other Statute/Rule/Regulation shall prevail over this Policy. This Policy shall be communicated to all concerned persons of the Company. Further, this Policy shall be uploaded on the website of the Company and website link for the shall be provided in the Annual Reports of the Company.
5. The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee, atleast once in three years and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about to the regulatory framework, from time to time.
6. This policy shall come into force from the date of adoption/amendment of this policy from time to time

Note : This Policy was adopted at the Board Meeting dt.14.8.2014 and reviewed and amended at the Board Meeting dt 30.5.2023