

POLICY FOR DETERMING MATERIAL SUBSIDIARY

BRAINBEES SOLUTIONS LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

A. Applicability

This policy is called "POLICY FOR DETERMINING MATERIAL SUBSIDIARIES" (hereinafter referred to as "Policy"). This policy is formed as a part of Corporate Governance Framework as per the requirement of Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

B. Purpose

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

C. Definitions

1. **"Act"** means Companies Act, 2013 and the Rules made thereunder.
2. **"Audit Committee" or "AC"** means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
3. **"Company"**, means Brainbees Solutions Limited.
4. **"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 shareholders agreements or voting agreements or in any other manner;
5. **"Holding Company"**, in relation to one or more other companies, means a company of which such companies are subsidiary companies;
6. **"Subsidiary Company" or "Subsidiary"**, in relation to any other company (that is to say the holding company), means a company in which the holding company—
 - (i) controls the composition of the Board of Directors; or
 - (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as prescribed under the Act.

Explanation—For the purposes of this clause, —

- a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
 - b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
 - c) the expression "company" includes anybody corporate;
 - d) "layer" in relation to a holding company means its subsidiary or subsidiaries;
7. **"Turnover"** means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year;

The terms not defined in the Policy shall have the same meaning as defined in the Companies Act, 2013, and the Rules thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other law applicable to the Company for the time being in force and/or as may be restated and/or modified from time to time.

D. Test to determine the materiality of a subsidiary

A subsidiary shall be considered as Material if the Turnover or Net worth of the subsidiary exceeds ten per cent of the Consolidated Turnover or Net Worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, or as may be amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time. (Hereinafter referred to as "Material Subsidiary").

E. Procedures

1. The Company shall nominate at least one independent director on the Board of Directors of Brainbees Solutions Limited as a director on the board of directors of the unlisted Material Subsidiary, whether incorporated in India or not, and whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of Brainbees Solutions Limited and its subsidiaries in the immediately preceding accounting year.
2. The unlisted material subsidiary incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary, and the Secretarial Audit report shall be annexed with the Annual Report of Brainbees Solutions Limited.
3. The Company shall follow such governance procedures in relation to Material Subsidiary as may be outlined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act from time to time.

The Board of Directors will determine the above information sources from time to time and will verify whether the subsidiary of the Company is 'Material' as specified in Clause D above at the end of each financial year. Audit Committee shall make suitable recommendations to the Board to ensure compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard

F. Restrictions imposed on the Material Subsidiaries

In case the subsidiary is determined as the Material Subsidiary of the Company as per above test, the following restrictions will apply to the Company:

1. 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 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 the prescribed timelines; and
2. The Company shall obtain prior approval of the Members by way of special resolution for the sale, disposal and/or lease assets which amounts to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year.
However, the said approval will not be required for the sale / disposal / lease 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 the prescribed timelines.

Provided that said approval will not be required if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

G. Disclosures and Amendments to the Policy:

This Policy and every subsequent modification, alteration or amendment made thereto, shall be promptly shall be disclosed on the Company website and a web link thereto shall be provided in the Annual Report of the Company.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.