

## Policy for Determining Material Subsidiaries

### **SAGAR TOURIST RESORTS LIMITED** (CIN: L55101HP1987PLC007312)

### **Policy for Determining “Material” Subsidiaries**

(Pursuant to Regulation 16 (1)(c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015)

#### **I) INTRODUCTION**

Pursuant to Regulation 16(1)(c) of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any amendments thereof), the Company has formulated this policy for determining material subsidiary/subsidiaries of the Company.

#### **II) SCOPE**

This Policy sets out the criteria for determining material subsidiary/subsidiaries.

#### **III) POLICY**

A subsidiary shall be considered as material subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Policy shall be implemented as per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

#### **IV) GOVERNANCE FRAMEWORK**

- (i) Atleast one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

However, for the purpose of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

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- (ii) The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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.
- (iii) 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 of the Company 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.
- (iv) Each of the Company's material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.

### V) DISCLOSURE

This Policy shall be disclosed on the Company's website [www.sagartouristresort.com](http://www.sagartouristresort.com) and web link thereto shall be provided in the Annual Report of the Company.

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