

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Effective from 1st April, 2019

OBJECTIVE

The objective of the Policy is to determine the Material Subsidiaries of “**Blue Coast Hotels Limited**” and to provide the governance framework for such subsidiaries.

DEFINITIONS

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) regulations, 2015.

“**Board of Directors**” or “**Board**” means the Board of Directors of Blue Coast Hotels Limited, as constituted from time to time.

“**Company**” means Blue Coast Hotels Limited.

“**Independent Director**” means a director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and Regulation 16 (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) regulations, 2015.

“**Policy**” means Policy on Material Subsidiary.

“**Material Non-Listed Indian Subsidiary**” mean a Material Subsidiary which is incorporated in India and which is not listed on any of the Indian Stock Exchanges.

“**SEBI (LODR), Regulations 2015**” Means Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

“**Significant Transaction or Arrangement**” means 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.

“**Subsidiary**” shall mean a subsidiary of Blue Coast Hotels Limited as defined under the Companies Act, 2013.

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1. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:
 - a. A company, in which the investment of the Company or the proposed investment, exceeds 10% of its consolidated net worth as per the audited balance sheet of the previous accounting year; or
 - b. The Company has generated 10% or more of the consolidated income of the Company during the previous accounting year.
2. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.
3. Every listed entity and its 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
4. The listed entity shall disclose all events or information with respect to subsidiaries which are material for the listed entity.
5. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.
6. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity
7. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
8. 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.
9. A listed entity 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

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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 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved]

DISCLOSURE

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company (www.bluecoast.in) and a web link thereto shall be provided in the Annual Report of the Company.

MISCELLANEOUS

The Board of Directors of the Company has adopted the Policy and procedure with regard to determining Material Subsidiaries as required under Regulation 16 and Regulation 46 of SEBI (LODR), Regulations 2015. The Board of Directors of the Company may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors 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 and further the objective of good Corporate Governance.