

B.A.G. FILMS AND MEDIA LIMITED**POLICY FOR DETERMINING MATERIAL SUBSIDIARY****1. LEGAL FRAMEWORK**

In terms of Regulation (16) (1) (c) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 ("Listing Regulations") requires the Company to formulate a Policy for determining material subsidiaries and such policy shall be disclosed in the Annual Report.

2. POLICY STATEMENT

Accordingly, in order to adhere to the specific requirement of Listing Regulations to formulate a policy, the Board of Directors of the Company has expressly adopted the Policy for Determining "Material" Subsidiaries (hereinafter referred to as '**the Policy**').

3. DEFINITION

- (i) "**Act**" means Companies Act, 2013 including any statutory modification or re - enactment thereof;
- (ii) "**Company**" means B.A.G. Films and Media Limited ("BFML");
- (iii) "**Board** or **BOD**" means the Board of Directors of BFML as constituted from time to time;
- (iv) "**Holding Company**" is as defined under clause 2(46) of the Act;
- (v) "**Subsidiary Company**" is as defined under clause 2(87) of the Act;
- (vi) "**Material Subsidiary**" shall mean a subsidiary, whose income or net worth (paid -up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of BFML and its subsidiaries in the immediately preceding accounting year;
- (vii) The term "**Unlisted Material Indian subsidiary**" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (paid -up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of BFML and its subsidiaries in the immediately preceding accounting year;
- (viii) The term "**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 material unlisted subsidiary for immediate preceding accounting year.
- (ix) "**Audit Committee**" means the Committee formed under section 177 of the Companies Act, 2013.

4. BASIS OF DETERMINING MATERIAL SUBSIDIARY:

This Policy lays down the basis of determining Material Subsidiaries of the Company and related issues as specified in the provisions of Regulation 16 (1) (c) of Listing Regulations.

A Subsidiary shall be considered as material if income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

On the basis of the above, Board shall determine 'Material Subsidiary'.

5. PROVISIONS RELATING TO SUBSIDIARY COMPANY

- i. At least one independent director on the Board of Directors of the BFML shall be a director on the Board of Directors of an unlisted material Indian subsidiary company.
- ii. The Audit Committee of the BFML shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- iii. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the BFML.
- iv. The management of BFML shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- v. Pursuant to Regulation 24 of Listing Regulations, BFML shall not dispose of shares in its material subsidiary which would reduce BFML's shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting (except in case where such divestment is made under a Scheme of Arrangement duly approved by a Court / Tribunal).
- vi. Prior approval of Shareholders of Company by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during the financial year (except in case where such sale /disposal / lease is made under a Scheme of Arrangement duly approved by a Court / Tribunal). In the event subsidiary of BFML becomes listed subsidiary which itself is a holding company, then this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

6. DISCLOSURE

The Company shall host the Policy on its website, i.e. www.bagfilms.com and a web-link thereto shall be provided in the Annual Report.

7. REVIEW AND AMENDMENTS

Any notifications/circulars or other statutory guideline(s)/regulation(s) on the subject, that has the effect of amending the above said clause(s) of the Listing Agreement, shall automatically have the effect of amending this Policy statement without the need of any further approval by the Board of Directors.