



# ***Balaxi Ventures Limited***

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

## 1. INTRODUCTION

Balaxi Ventures Limited (“**Company**”) has formulated this policy for determining material subsidiary of the Company in accordance with Regulation 16 (1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), which required every listed company to formulate a policy for determining a “material” subsidiary and Regulation 46(2)(h) of the Listing Regulations which requires each listed company to publish such policy on its website.

This policy intends to determine the material subsidiaries of the Company. This policy also stipulates the governance procedures with regard to material subsidiaries so determined.

## 2. DEFINITIONS:

- a. **Audit Committee** shall mean the Audit Committee constituted by the Board of Directors from time to time under the Companies Act 2013 or SEBI Listing Regulations.
- b. **“Board” or “Board of Directors”** shall mean the board of directors of the Company.
- c. **“Independent Director”** shall have the meaning given to it in the Companies Act, 2013.
- d. **“Material Subsidiary”** shall mean a subsidiary, whose income or net worth exceeds 10 percentage of the consolidated income or consolidated net worth of the company and its subsidiaries in the immediately preceding accounting year.
- e. **“Unlisted Material Subsidiary”** shall mean a Material Subsidiary whose securities are not listed on any recognized Stock Exchanges in India.
- f. **“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10 percentage 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.
- g. **“Subsidiary”** shall have the meaning given to it in the Companies Act, 2013.
- h. **Consolidated Income or Consolidated Networth shall mean** the total income or networth of the Company and its subsidiaries

### **3. GOVERNANCE OF A MATERIAL SUBSIDIARY**

#### **3.1. Role of Audit Committee:**

- a. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- b. The management shall present to the Audit Committee annually in the meeting scheduled to be held in first quarter for approval of financial results, the list of material subsidiaries together with the details of the materiality defined herein for its review.

#### **3.2. Deputation of Independent Directors:**

At least 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, incorporated in India or abroad.

*For the purposes of this provision, "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.*

#### **3.3. Divestment in a Material Subsidiary:**

The Company, only with prior approval of the members by Special Resolution in a General Meeting, (except in such cases where divestment is made under a scheme of arrangement duly approved by a court or tribunal) shall:

- a. dispose shares in Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. cease the exercise of control over the Material Subsidiary; or
- c. sell, dispose or lease the assets amounting to more than 20% of the assets of the Material Subsidiary .

#### **3.4. General Governance Principles:**

- a. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- b. The management shall periodically (at least annually) bring to the attention of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary company.

#### **4. DISCLOSURE**

This policy for determining material subsidiaries is to be disclosed on the website of the Company ([www.balaxiventures.in](http://www.balaxiventures.in)) and a weblink thereto will be provided in the Annual report of the Company.

#### **5. AMENDMENTS**

The Board of the Company (including the Audit Committee of the Board) may amend the policy from time to time depending upon the requirements of the provisions of the Companies Act, 2013 and as per the Listing Regulations.

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