

Policy for Determining Material Subsidiary

Banka BioLoo 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 requires 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 for determining a material subsidiary (“Policy”) of the Company has been prepared and adopted in accordance with the Listing Regulations.

Objective of the Policy

The objective of this Policy is to determine:

- i) Meaning of Material Subsidiary;
- ii) Requirement of Independent Director in certain Material Unlisted Indian Subsidiaries;
- iii) Restriction on disposal of shares of Material Subsidiary by the Company;
- iv) Restriction on transfer of assets of Material Subsidiary; and
- v) Disclosure requirements, under the Listing Regulations and any other laws and regulations, as may be applicable to the Company.

Definitions

- a) “Board” shall mean the Board of Directors of the Company.
- b) “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 shareholder agreements or voting agreements, or in any other manner.
- c) “Independent Director” shall have the meaning given to it in the Companies Act, 2013.
- d) “Material Subsidiary” means a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- e) “Material Unlisted Subsidiary” means an unlisted Material Subsidiary.
- f) “Significant Transaction and Arrangement” means any individual transaction or arrangement that exceeds, or is likely to exceed 10% of the total revenue 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) “Unlisted Subsidiary” means an unlisted Subsidiary of the Company.

1. Significant Transactions / Arrangements of Unlisted Subsidiary Companies

The management should, periodically, bring to the attention of the Board, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary.

2. Restriction on Disposal of Shares of Material Subsidiary by the Company

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 50%, or cease the exercise of control over the subsidiary, without passing a special resolution in a general meeting of its shareholders, except in cases where such divestment is made under a scheme of arrangement, duly approved by a court/tribunal.

3. Restriction on Disposal of Assets of Material Subsidiary

Selling, disposing and leasing of assets amounting to more than 20% 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.

4. Other Provision Related to Unlisted Subsidiary/ Material Unlisted Subsidiary

- a) The Audit Committee of the holding company shall, also, review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- b) The minutes of the Board meetings of the Unlisted Subsidiary shall be placed at the Board meeting of the Company.
- c) The management of the Company shall, annually, present to the Audit Committee of the Company the list of Material Subsidiaries. The Audit Committee of the Company shall review the same and make suitable recommendations to the Board.

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.

This policy was adopted by the Board of Directors in their meeting held on 27 July 2020, as per the recommendations of the Audit Committee, vide their meeting held on 27 July 2020.
