

POLICY ON MATERIAL SUBSIDIARIES

BALAJI AMINES LIMITED

(Last updated: 31st August, 2023)

I. Preamble

The Board of Directors (the “Board”) of Balaji Amines Limited (the “Company”), has adopted the following policy and procedures and disclosures with regard to determination of Material Subsidiaries.

The Board may review and amend this policy from time to time.

This policy is formulated to identify the material subsidiaries, disclosures pertaining to subsidiaries to the Board of Directors and Audit Committee as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

II. Objective

This policy is framed in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy is intended to determine the material subsidiaries, disclosure of significant transactions or arrangement of the material subsidiaries, policy towards disposal of shares held in the material subsidiary and review of financials, particularly the investments made by all the unlisted subsidiary companies.

III. Definitions

- (a) “**Audit Committee**” means Committee of Board of Directors of the Company.
- (b) “**Board of Director or Board**” means the Board of Directors of Balaji Amines Limited as constituted from time to time.
- (c) “**Independent Director**” means a director of the Company, not being a Whole-time Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
- (d) “**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- (e) “**Policy**” means this Policy on Material Subsidiary.
- (f) “**SEBI**” means the Securities and Exchange Board of India;
- (g) “**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 unlisted subsidiary for the immediately preceding accounting year.

(h) “**Subsidiary**” means a subsidiary as defined in Section 2(87) of the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

IV. Determination of Material Subsidiary

A subsidiary shall be considered as Material if-

- the investment of the Company in the subsidiary exceeds ten per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated ten per cent of the consolidated income of the Company during the previous financial year.

Material Non-Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- net worth exceeds 10% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- income exceeds 10% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

V. Shareholders' Approval

The Company shall take prior approval of the shareholders by way of special resolution.

- If it wants to reduce its holding either on its own or with other subsidiaries to less than or equal to 50% or if it wants to cease the exercise of control over the material subsidiary.
- For sale, lease or disposal of assets of the material subsidiary amounting to more than 20% of the assets of the material subsidiary.

The above approvals from shareholders shall not be required if the divestment in the subsidiary or sale/lease or disposal of the assets of the material subsidiary 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.

VI. Appointment of Independent Directors on the Board of Subsidiary Company

The Company shall appoint at least one independent Director on its Board as a Director on the Board of Directors of an unlisted material Subsidiary, whether incorporated in India or not.

VII. Review by Audit Committee

The Company shall place before the Audit Committee on a quarterly basis the summary of the financial statements of the Subsidiary Company. The detailed audited financial statements of the subsidiary shall be placed before the Audit Committee at the end of each financial year.

The Audit Committee of the Company shall review all investments made by the unlisted subsidiary company on a quarterly basis. The Audit Committee shall recommend to the Board its concerns, if any about the investments made by the unlisted subsidiary companies.

VIII. Review by the Board of Directors

The minutes of the Board Meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company on a quarterly basis.

The Management shall bring to the attention of the Board all significant transactions and arrangements entered into by the unlisted subsidiary company on a quarterly basis and the information shall be part of the agenda of every board meeting held for approving quarterly/annual financial results.

IX. Secretarial Audit

The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as may be specified with the annual report of the Company.

X. Disclosures

The Company shall disclose the policy for determining Material Subsidiaries on the Company's website and a web link thereto shall be provided in the Annual Report.

XI. Scope and Limitation

In the event of any conflict between the provisions of this Policy and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

XII. Amendments

The Board of Directors will review the above Policy from time to time and make suitable modifications, as may be necessary.
