

BAL PHARMA LIMITED

POLICY FOR DETERMINING THE MATERIAL SUBSIDIARY

(Pursuant to Regulation 16 (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Purpose and Scope:

The policy for determining 'Material' subsidiaries of the Company has been framed in accordance with the provisions of regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and approved by the Board of Directors at their meeting held on 9.11.2015 and shall come into force with effect from 1.12.2015.

The policy will be used to determine the material subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this policy, unless defined hereunder, shall have meaning respectively assigned to them under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and Rules, notifications and circulars made/issued therein, as amended, from time to time.

2. Identification of Material Subsidiary:

A subsidiary shall be considered as material, “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.

A "unlisted material subsidiary" shall mean a subsidiary, incorporated in India or not, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

3. Governance Framework:

The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary Company.

At least one independent director on the Board of Directors of the holding Company shall be a Director on the Board of Directors of an unlisted material subsidiary Company whether incorporated in India or not.

The minutes of the Board meetings of the unlisted subsidiary Company shall be placed at the Board meeting of the company .

The management of the unlisted subsidiary should 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. ("significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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").

Where the company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

4. Disposal of Material Subsidiary:

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 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.

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.

5. Review of the Policy:

The policy shall be subject to review as may be deemed necessary and in accordance with any regulatory requirements.
