

**POLICY ON DETERMINING MATERIAL  
SUBSIDIARIES AND GOVERNANCE  
FRAMEWORK IN RELATION THERETO**

**FELIX INDUSTRIES LIMITED**

## **1. Purpose and Scope of the Policy**

This policy is formulated for providing a framework for determination of Material Subsidiary Companies of the Company as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”).

The Policy also intends to provide a governance framework for such Material Subsidiary companies, in terms of the applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

## **2. Effective Date**

This Policy shall be effective from the date of approval of the Board of Directors.

## **3. Definitions**

“Board”	implies the Board of Directors of Felix Industries Limited.
“Company”	implies Felix Industries Limited.
“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.
“Directors”	implies all the Directors on the Board.
“ED”	implies Executive Director of the Company.
“Independent Director” or “ID”	implies a Non-Executive Director of the Company, other than a Nominee Director and who is neither a promoter nor belongs to the promoter group of the company, and who satisfies other criterias for independence mentioned in the Companies Act, 2013 and the SEBI LODR Regulations.
“SEBI LODR Regulations”	implies the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

“Material Subsidiary”	implies a subsidiary whose income or net worth exceeds 10% (unless specified otherwise, for any specific purpose, in terms of the provisions of applicable laws) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
“Policy”	implies this Policy on determination of Material Subsidiaries of the Company.
“Significant Transaction or Arrangement”	implies 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.
“Subsidiary”	shall mean as defined under the Companies Act, 2013 Act and the Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI LODR Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation, as amended from time to time.

#### **4. Independent Director on the Board of Material Unlisted Subsidiary**

At least one Independent Director on the Board of the Company shall be a director on the board of the Unlisted Material Subsidiary, whether incorporated in India or overseas.

For this purpose, in terms of the Explanation to the Regulation 24(1) the SEBI LODR Regulations, the terms Material Subsidiary shall mean a subsidiary of the Company 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.

#### **5. Restriction on disposal of shares of Material Subsidiary by the Company**

The Company shall not dispose off 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 such cases where 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### **6. 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 a 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### **7. Secretarial Audit of Material Unlisted Subsidiaries in India**

The Material Unlisted Subsidiaries of the Company incorporated in India shall undertake Secretarial Audit and the Secretarial Audit Report given by a Company Secretary in practice in that regard, in such form as specified, shall be annexed with the annual report of the Company.

#### **8. Reporting and Disclosure**

As prescribed in terms of the provisions of Clause 62(1A)(h) and other applicable provisions, if any, of the SEBI LODR Regulations, this Policy shall be disclosed on the website of the Company.

The Company shall follow such other reporting and disclosure requirements as may be specified in terms of the provisions of the Companies Act, 2013 and the SEBI LODR Regulations, from time to time.

#### **9. Review of the Policy**

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.

#### **10. Compliance Responsibility**

The Chief Financial Officer and Company Secretary of the Company shall be responsible for complying with the provisions of this Policy and other provisions of applicable laws in that regard. Further, he/she shall have the power to ask for any information or clarifications from the Management, for effective discharge of his/her responsibility(ies) in this regard.