

POLICY
FOR
DETERMING
MATERIAL SUBSIDIARY

Updated on 30th May, 2023

POLICY ON DETERMINING MATERIAL SUBSIDIARY

I. INTRODUCTION

Flexituff Ventures International Limited (“the Company”) has adopted the following policy and procedures with regard to determination of material subsidiaries.

II. TITLE

The Policy shall be called “Policy for determining material subsidiaries”.

III. OBJECTIVE

The Objective of the policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of Regulation 16(1) (c) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

IV. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be **material** if-

The income or net worth exceeds 10% of the consolidated income or net worth respectively, of holding Company and its subsidiaries in the immediately preceding accounting year.

Based on these criteria, the company shall determine material subsidiary.

- Significant Transaction or Arrangement means any individual transaction or arrangement that exceeds or is likely to exceed 10% of total revenue or total expenses or total assets or total liabilities of the unlisted subsidiary for immediately preceding accounting year.
- Undertaking¹ shall mean an undertaking in which the investment of the company exceeds twenty per cent. of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year .
- The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person but shall exclude relationships in which the payment is based on arm’s length transactions .

- A Transaction with the Related Party shall be deemed to be Material if the transaction to be entered into individually or taken together with the previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed company

V. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

- At least 1 independent Director on Board of Directors of the company shall be Director on the Board of Directors of an **unlisted** material subsidiary, incorporated in India;

(For the purpose of this provision, the “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively)

- The company shall not dispose of shares in its material subsidiary resulting in reduction of 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.
- 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 by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a court/ tribunal.

VI. AMENDMENTS

The Board may, subject to applicable laws amend any provision (s) or substitute any of the provision (s) with the new provision (s) or replace the Policy entirely with a new Policy.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary Companies.