



**GALAXY ENTERTAINMENT CORPORATION LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

**[Pursuant to Clause 16 (c) of Chapter IV of SEBI**

**(Listing Obligations & Disclosure Requirements)**

**Regulations, 2015]**



## **I. Objective:**

Regulation 16(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Regulations”) require listed Companies to formulate a policy on determining ‘material’ subsidiaries.

Regulation 24 of SEBI Regulations deals with corporate governance requirements of subsidiaries of listed entity which requires that:

- a) 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, incorporated in India.
- b) A holding 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 fifty percent 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.
- c) 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.
- d) The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the holding Company, a statement of all 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 material subsidiary for the immediately preceding accounting year.

Accordingly, Galaxy Entertainment Corporation Limited has framed this policy on determining ‘material’ subsidiaries.

## **II. Definitions:**

1. “Act” means the Companies Act, 2013 and the rules framed there-under, including any statutory modifications or re-enactment thereof.



2. **“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.
3. **“Company”** means Galaxy Entertainment Corporation Limited.
4. **“Board of Directors”** or **“Board”** means the Board of Directors of Galaxy Entertainment Corporation Limited, as constituted from time to time.
5. **“Holding Company”** is as defined under clause 2(46) of the Act;
6. **“Listing Regulations”** means SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.
7. **“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 section 149 of Companies Act, 2013 and Listing Regulations.
8. **“Material subsidiary”** shall mean a subsidiary, whose **income** or **net worth** exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
9. **“Net Worth”** means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013.
10. **“Policy”** means this Policy, as amended from time to time.
11. **“Subsidiary Company”** is as defined under clause 2(87) of the Act.
12. **“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 material subsidiary for the immediately preceding accounting year.



Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued there under from time to time, the Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or

### **III. Criteria :**

A subsidiary of the Company shall be considered 'material' if its income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Further, a subsidiary of the Company shall be considered 'unlisted material subsidiary incorporated in India' if it meets the following conditions:

- i. the subsidiary is a material subsidiary as per the criteria specified above.
- ii. the subsidiary is a non-listed Company, incorporated in India.

### **IV. Governance Framework:**

If any subsidiary is found to be 'material' the Company should comply the following:

- i. At least one Independent Director of the Board of the Company shall be a director on the Board of Directors of an unlisted material subsidiary, incorporated in India.
- ii. The Management of the unlisted material subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the said unlisted subsidiary.
- iii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
- iv. Minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the listed entity.
- v. The Company shall comply with such other requirement in relation to unlisted material subsidiary as may be mandated under the Act and/ or Listing Regulations, from time to time.



**V. 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, as it may deem necessary. 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.

**VI. Effective Date:**

The Company has adopted a policy on material subsidiary w.e.f. 28<sup>th</sup> May, 2014 duly approved by the Board. This policy shall replace the earlier policy w.e.f. 9<sup>th</sup> February, 2016.

**VII. Disclosure:**

As prescribed under Regulation 46 (1) of the Listing Regulations, this policy shall be uploaded on the website of the Company at [www.fmn.co.in](http://www.fmn.co.in) and a web link thereto shall be provided in the Annual Report of the Company.

XXXXXXXXXXXXXXXXXXXX