



PRATAAP SNACKS LIMITED

**POLICY FOR DETERMINING
MATERIAL SUBSIDIARY**

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1. INTRODUCTION

The Board of Directors (the “Board”) of **Prataap Snacks Limited** (the “Company”) has adopted the following policy and procedures with regard to determination of ‘material’ subsidiary, as defined in this Policy below.

This policy shall be applicable to the Company with effect from September 23, 2016. Amended on May 21, 2019.

2. OBJECTIVE

This policy deals with determination of ‘material’ subsidiary of Prataap Snacks Limited in terms of Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) which states that the Company shall formulate a policy for determination of the ‘material’ Subsidiary and the policy is intended to ensure the governance framework of material subsidiary.

3. DEFINITIONS

- a) “Act” means Companies Act, 2013 & rules made thereunder.
- b) “Audit Committee” or “Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act, 2013 and Listing Regulations.
- c) “Board of Director” or “Board” means the Board of Directors of Prataap Snacks Limited, as constituted from time to time.
- d) “Company” means Prataap Snacks Limited.
- e) “Holding Company” in relation to one or more other companies, means a company of which such companies are subsidiaries companies.
- f) “Independent Director” means a director of the Company who satisfies the criteria for independence under Section 149 of Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations.
- g) “Unlisted Material Subsidiary” for the purpose of compliance of Regulation 24 of Listing Regulations means a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- h) “Material Subsidiary” means a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- i) “Subsidiary Company” shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013.
- j) “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 financial year.

All the words and expressions used in this Policy, unless defined here, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be considered as a 'material' subsidiary, if any of the following conditions are satisfied:

- a) The investment of Company in the subsidiary exceeds 10% of its consolidated net worth as per the audited Balance Sheet of the previous financial year; or
- b) A subsidiary whose income exceeds 10% of the consolidated income of the Company and its subsidiaries in the immediately preceding financial year; or
- c) A subsidiary whose net worth exceeds 10% of the consolidated income of the Company and its subsidiaries in the immediately preceding financial year.

5. PROVISIONS WITH REGARD TO SUBSIDIARY

- a) One Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of unlisted material subsidiary.
- b) The Audit Committee of the Company shall review the financial statements, in particular the investments made by the unlisted subsidiary.
- c) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- d) The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company.
- e) Subsidiary shall not either by its own or through its nominees, holds any shares in its holding company and no holding company shall allot or transfer its shares to any of its subsidiary companies and any such allotment or transfer of shares of the Company to its subsidiary company shall be void.

6. DISPOSAL OF SHARES IN MATERIAL SUBSIDIARY

The Company shall not, without prior approval by way of passing a special resolution in its General Meeting:

- a) 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; or
- b) Sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year
- c) The provision of this clause shall not be applicable in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the 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.

7. DISCLOSURE

- a) This Policy shall be disclosed on the Company's website.
- b) Web link thereto shall be provided in the Annual Report of the Company.

8. AMENDMENT AND UPDATES

- a) This Policy is framed pursuant to the provisions of the Listing Regulations.
 - b) In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or Regulations, then the provisions of the Act or Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.
 - c) This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in law, regulations or as may be felt appropriate by the Board. Any changes/amendment/modification in the Policy will in writing and approved by Board of Directors of the Company.
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