



# **Policy for Determining Material Subsidiaries**

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**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

1. **Preamble**

The Board of Directors (the “Board”) of Heritage Foods Limited (the “Company” or “HFL”), has adopted the following policy and procedures with regard to Subsidiaries of the Company as defined below.

This policy will be applicable to the Company. This policy is to regulate the investments of Company in Subsidiaries and oversee the functioning of subsidiaries based on the applicable laws and regulations applicable on the Company.

2. **Purpose**

This policy is framed as per requirement of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure that Board of Directors has overall supervision of functioning of Subsidiaries of the Company and regulate the investments of the Company in Subsidiaries.

3. **Definitions**

**“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of “SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015” and Companies Act, 2013.

**“Board ”** means Board of Directors of the Company.

**“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.

Explanatio: The listed entity shall formulate a policy for determining ‘material’ subsidiary.

**“Policy”** means Policy for determining Material Subsidiaries.

**“Significant Transaction or Arrangement”** means 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 Material Non-Listed Subsidiary for the immediately preceding accounting year.

**“Subsidiary(ies)”** means subsidiary of the Company as defined in the Companies Act, 2013

**4. Policy & Procedure**

i. At least one independent director on the Board of the Company shall be a director on the Board of Directors of a Material Non-Listed Indian Subsidiary.

ii. The Audit Committee of the Company shall also review the financial statements of Subsidiaries, in particular, the investments made by the Non-listed Subsidiary of the Company.

iii. The minutes of the board meetings of the Non-listed Subsidiary Company shall be placed at the Board meeting of the Company at regular intervals.

iv. The management of the Company shall quarterly bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by the Material Non-listed Subsidiary of the Company. List of Material Non-listed Subsidiaries of the Company will be placed before the Board on annual basis in the meeting held immediately after the meeting held for approving the Annual Financial Statements. Thereafter all significant transactions and arrangements entered into by the Material Non-listed Subsidiary of the Company will be placed before the Board on Quarterly basis.

v. 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.

vi. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary shall require prior approval of shareholders by way of special resolution.

vii. The Audit Committee shall put in place mechanism to implement this policy and is also authorized to delegate any / all of its powers and duties herein to any Director(s) and / or officers of the Company.

5. **Amendments to the Policy**

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

6. **Disclosures(s)**

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions and material subsidiary on its website and also in the Annual Report. Furthermore all the related party transactions shall be disclosed in the Annual Report of the Company.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

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