



Policy for Determining Material Subsidiaries

HERITAGE FOODS LIMITED
CIN: L15209TG1992PLC014332
AN ISO: 22000 Certified Company
Regd Off: 6-3-541/c, Panjagutta, Hyderabad-500 082
Telangana, India
Tel: +91-4023391221/222, Fax: 30685458
Email: hfl@heritagefoods.in
Website: www.heritagefoods.in

Table of Contents

1. Preamble.....	1
2. Purpose	1
3. Definitions	1
4. Policy & Procedures	2
5. Amendments to the Policy	3
6. Disclosure(s)	4
7. Scope and Limitation.....	4

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 determination of Material Subsidiaries of the Company as defined in the policy below.

This policy will be applicable to the Company. This policy is to regulate the investments of Company in Subsidiaries and oversees 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 Ten Percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Explanation: 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 directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation-For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “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.

- 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.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “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.

- 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.

For the purpose of this regulation, the term “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 expense or total assets or total

liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

- 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 except in cases where such 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- 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, 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved
- 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.

Review the Loan/Advances

The Audit Committee shall review utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding Rs.100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.

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. Disclosure(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.

7. Scope and Limitation

In the event of any conflict between the provisions of this Policy and the SEBI Regulations/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI Regulations/Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

--XXX--