

PACIFIC

INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

A. INTRODUCTION

The Board of Directors of Pacific industries limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

B. OBJECTIVE

This Policy is framed and adopted to determine the “Material Subsidiary(ies) of the Company” and to provide the Governance Framework for such Subsidiary(ies).

C. DEFINITIONS

In this Code, unless the context otherwise requires:

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company, from time to time, in accordance with section 177 of the Companies Act 2013 and Regulation 18 of the LODR Regulations

“**Independent Director**” shall mean an Independent Director of the Company who satisfies the criteria of Independence under the Companies Act, 2013 & LODR Regulations.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year

“**Significant transaction or arrangement**” shall mean 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 unlisted material subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall mean as defined under the Companies Act, 2013 and the Rules made thereunder.

“**Unlisted Subsidiary**” means subsidiary whose securities are not listed on any recognized Stock Exchange(s).

All terms used in the policy, but not defined above shall have the meanings ascribed to them in the Act or the Regulations, as the case may be

D. GOVERNANCE FRAMEWORK

- i. At least one Independent Director of the Company shall be a Director on the Board of the unlisted material subsidiary, incorporated in India.
- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- iii. The 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 Company.

- iv. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary.

E. DISPOSAL OF MATERIAL SUBSIDIARY

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 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.

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.

F. AMENDMENTS TO THE POLICY:

The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by SEBI/Stock Exchange(s) or any other appropriate Statutory Authority

G. DISCLOSURE OF THE POLICY

The Company shall disclose this Policy on its website. The necessary disclosure, if any, about the policy will also be made as per the requirements of LODR Regulations and Companies Act 2013.