



PPAP AUTOMOTIVE LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Preamble

The Board of Directors of PPAP Automotive Limited ("the Company" or "PPAP"), has formulated the policy for determining material subsidiary in accordance with the provisions of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations"), as amended from time to time.

2. Purpose

The purpose of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

3. Definitions

- a) **"Audit Committee"** means the Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Regulations;
- b) **"Board"** means the Board of Directors of PPAP Automotive Limited;
- c) **"Independent Director"** means a Director as defined under Section 149(6) of the Companies Act, 2013 and Regulation 18 of the Regulations;
- d) **"Policy"** means the policy on material subsidiaries;
- e) **"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 material unlisted subsidiary for the immediately preceding accounting year;
- f) **"Subsidiary"** shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and the rules made thereunder; and
- g) **"Unlisted Subsidiary"** means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

4. Identification of Material Subsidiary

"Material Subsidiary" means a subsidiary, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

5. Governance framework

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary company;
- ii. The minutes of the Board Meetings of the Unlisted Subsidiary companies shall be placed before the Board of the Company;
- iii. The Board shall be provided with a statement of all Significant transactions or arrangements entered by the Unlisted Subsidiary company; and
- iv. One Independent Director of the Company shall be a Director on the Board of the Unlisted Material Subsidiary company (only for the purposes of this sub-clause 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 Company and its subsidiaries in the immediately preceding accounting year).

6. Disposal of Material Subsidiary

The Company shall not:

- i. Dispose off 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 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.
- ii. Sell, dispose and lease of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year without 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.

7. Amendments

Any change in the Policy shall be approved by the Board of the Company. The Board of the Company shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

8. Dissemination of Policy

This Policy shall be hosted on the website of the Company i.e. www.ppapco.in.