Policy on Determination of Material Subsidiaries - Prima Plastics Limited

VERSION CONTROL	
Policy on Determination of Materiality	
Version Number	V3
Date Approved	
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Supersede Version	V2 dated 17 January 2025

1. Introduction

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") requires every listed Company to formulate a policy for determining material subsidiaries.

This Policy of determining material subsidiaries ("the Policy") is framed in context of the above statutory requirement and to put in place an appropriate framework for this purpose by Prima Plastics Limited ("the Company").

All the words and expressions used in this Policy, unless defined hereafter, 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 ("Act") and the Rules, Notifications and Circulars made / issued thereunder, as amended, from time to time.

2. Objective

The purpose of this policy is to lay down criteria for identification and dealing with Material subsidiary(ies) and to formulate a governance framework for subsidiary(ies) of Prima Plastics Limited.

3. Maintenance, Review and Approval of Policy

The undersigned shall be responsible to own, maintain and update this Policy by engaging with relevant functional units. The Policy shall be reviewed by the Chief Financial Officer and the policy shall be subsequently put up for final approval before the Board of Directors.

Sd/-	Sd/-
Mr. Dharmesh R. Sachade (Chief Financial Officer)	**Mr. Manoj Toshniwal (VP - Accounts & Finance)**

The Board of Directors shall review the Policy from time to time to ensure relevance and compliance with the applicable statutory provisions.

4. Definitions

a) **"Board"** shall mean the Board of Directors of Prima Plastics Limited.

b) **"Company"** means Prima Plastics Limited.

c) **"Turnover"** shall mean turnover in terms of Section 2(91) of the Companies Act, 2013.

d) **"Material Subsidiary"** shall mean a subsidiary, whose turnover or net worth exceeds 10% percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

e) **"Material Unlisted Subsidiary"** shall mean an unlisted subsidiary, whose turnover or net worth exceeds 10% percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

f) **"Net Worth"** means net worth as defined under Section 2(57) of the Companies Act, 2013.

g) **"Significant Transaction"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed threshold percentage, as defined in the Listing Regulations, of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary company for the immediately preceding accounting year.

h) "**Subsidiary Company or Subsidiary"** means a subsidiary company as defined under 2(87) of the Companies Act, 2013.

5. Governance of Material Subsidiaries

a) <u>Review of list of material subsidiaries:</u>
The list of Material subsidiaries of the Company shall be placed before the Audit Committee for their review on an annual basis.

b) <u>Disposal of shares or assets of Material Subsidiary</u>

i. The Company shall not dispose of shares in any Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over such subsidiary without passing a special resolution in its general meeting or through postal ballot.

ii. The Company shall not sell, dispose of or lease out assets amounting to more than 20% of the assets of any Material Subsidiary on an aggregate basis during the financial year without prior approval of shareholders by way of special resolution.

Provided that the provisions of Para (b) shall not be applicable if the divestment or sale or disposal or 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.

c) <u>Secretarial Audit</u>
All Material Unlisted Subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a Company Secretary in Practice who is competent to issue such report under applicable laws.

d) <u>Appointment of Independent Directors</u>
Based on the recommendations of the Nomination and Remuneration Committee of the Company, the Board shall nominate at least one independent director of the Company on the Board of the Material Unlisted Subsidiary.

For the purpose of the above provision "Material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

6. Governance of All Subsidiaries

a) <u>Matters to be reviewed by the Board of Directors</u>

i. The minutes of the Board meetings of the Unlisted Subsidiaries

ii. Statement of all significant transactions and arrangements entered into by the unlisted subsidiaries
iii. A statement containing salient features of the financial statement of its subsidiaries and associate companies (on an annual basis).

b) Matters to be reviewed by the Audit Committee
   i. Financial statements of subsidiaries, in particular, the investments made by the unlisted subsidiaries.
   ii. Utilization of loans and / or advances from / investment in subsidiaries exceeding Rs.100 crore or 10% of the asset size of the subsidiary, whichever is lower.
   iii. Any transaction between the Company and its subsidiary(ies) shall be entered into in accordance with the policy on dealing with related party transactions of the Company.

7. Disclosure

This Policy shall be placed before the Board for their noting and ratification and shall be subsequently available on the Company's website at www.primaplastics.com