



**FLEX FOODS LIMITED**  
**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**  
*(As Amended and Effective from April 01, 2019)*



## **INTRODUCTION & PURPOSE**

The Board of Directors (the “Board”) of Flex Foods Limited (the “Company”) has adopted the following policy and procedures with regard to determination of “Material Subsidiaries” in order to comply with the requirements of Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended (the “SEBI Listing Regulations”).

The Policy will be used to determine the Material Subsidiaries and to provide governance framework for such subsidiaries. The Policy shall be called as ‘Policy for Determining Material Subsidiaries’. The Board / its Committee may review this policy from time to time.

## **DEFINITIONS**

“**Act**”: Act means Companies Act, 2013 & Rules made thereunder.

“**Board of Directors**” or “**Board**” means the Board of Directors of Flex Foods Limited, as constituted from time to time.

“**Policy**” means this Policy, as amended from time to time.

“**Networth**” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;

“**Subsidiary**” shall mean a subsidiary as defined under the Act and Rules made thereunder.

“**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.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended (the “SEBI Listing Regulations”), Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

## **REQUIREMENT REGARDING MATERIAL SUBSIDIARY**

- 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 company whether incorporated in India or not.



**For the purpose of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI Listing Regulations, the term “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.**

- 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, 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.
- 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, 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.
- Every listed entity and its 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, in such form as may be specified with effect from the year ended March 31, 2019.

## **AMENDMENTS**

This policy will be reviewed by the Board of Directors of the Company or by any of its Committee (as may be authorized by the Board of Directors in this regard) as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company or its Committee. The Board of Directors or its Committee (as may be authorized by the Board of Directors in this regard) 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 of Directors in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

#### **SCOPE AND LIMITATION**

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

#### **NOTE**

**At present Company has no Subsidiary**

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