

# **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

**PURETROP FRUITS LIMITED** (formerly known as Freshtrop Fruits Limited)

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**PURETROP FRUITS LIMITED**

(formerly known as Freshtrop Fruits Limited)

**Introduction:**

Pursuant to the provisions of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Company has formulated this Policy for determining material subsidiary of the Company. This Policy shall be used for determining material subsidiaries of the Company and to provide governance framework for such subsidiaries. All the words and expressions used in this Policy, unless defined hereinafter, shall have meaning assigned respectively to them under the Listing Regulations, the Companies Act, 2013 and the rules, notifications, circulars made or issued thereunder, from time to time.

**Definitions**

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under the provisions of Listing Regulations and the Companies Act, 2013, from time to time.

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

“**Holding company**” in relation to one or more other companies, means a company of which such companies are subsidiary companies.

“**Income**” or shall mean 'Total Revenue' of 'Total Income' (including other income) as per the audited Financial Statements of the previous financial year.

“**Independent Director**” means an independent director referred to in section 149(6) of the Companies Act, 2013, and / or regulation 16(b) of the Regulations.

“**Listed Entity**” means an entity which has listed, on a recognized stock exchange(s), the designated securities issued by it or designated securities issued under schemes managed by it, in accordance with the listing agreement entered between the entity and the recognized stock exchange(s);

“**Material subsidiary**” a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“**Net worth**” or “**net worth**” means net worth as defined in sub section (57) of section 2 of the Companies Act, 2013.

“**Subsidiary Company**” or “**Subsidiary**” means subsidiary company as defined in section 2 (87) of the Companies Act, 2013.

“**Material subsidiary**” shall mean a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.



**Compliances under the regulations:**

- a) The Audit Committee of the listed entity shall review the financial statements, particularly the investments made by the unlisted subsidiary.
- b) 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 listed entity.
- c) The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the listed entity, a statement of all significant transactions and arrangements entered by the unlisted subsidiary.

Explanation: 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 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

- d) 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.
- e) Every listed entity and its material subsidiary 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.
- f) The listed entity 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 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.
- g) Selling, disposing and leasing of assets amounting to more than ten 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.
- h) where a listed entity has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

**Disclosures:**

This Policy shall be disclosed on the Company's website and a web link thereto shall be disclosed in the section on Corporate Governance Report of the Annual Report of the Company.

**Amendments to the policy:**

The Board of Directors on its own 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 are not 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.

