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POLICY FOR DETERMINING MATERIAL SUBSIDIARY (“The Policy”)

1) Preamble and Applicability:

The policy is framed by the Company pursuant to revised clause 49 (V)(D) of the Listing Agreement to ensure compliance with the applicable provisions of the Listing Agreement.

2) Definitions:

(i) “**Act**” means The Companies Act, 2013 including any statutory modification or re-enactment thereof.

(ii) “**Subsidiary Company**” means Subsidiary company or subsidiary in relation to any other company (that is to say the holding company), in which the holding company-

a. Controls the composition of the Board of Directors; or

b. Exercises or controls more than one half of the total share capital either on its own or together with one or more of its subsidiary companies;

provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation- For the purpose of this definition,-

1. A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in clause (a) or (b) above is of another subsidiary company of the holding company;

2. The composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion, can appoint or remove all or a majority of the directors;

3. The expression “company” includes any body corporate;

4. “layer” in relation to holding company means its subsidiary or subsidiaries.

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

(iv) “**ATFL**” means Agro Tech Foods Limited.

(v) “**Material non-listed Indian Subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of ATFL and its subsidiaries in the immediately preceding accounting year.

(vi) “**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 immediately previous financial year.

3) Basis of Determining Material Subsidiary

This Policy lays down the basis of determining Material Subsidiaries of ATFL and related issues as specified in the provisions of revised Clause 49 of the Listing Agreement.

A Subsidiary shall be considered as material if the investment of ATFL in the subsidiary exceeds twenty per cent of ATFL’s consolidated net worth as per the audited Balance Sheet of the previous financial year or if the Subsidiary has generated 20% or more of the consolidated income of ATFL during the previous financial year.

On the basis of the above, ATFL shall determine ‘material subsidiary’.

4) Provision with regard to Material Subsidiary

- i. At least one independent director on the Board of Directors of ATFL, the Holding Company will be appointed as a director on the Board of Directors of a material non-listed Indian Subsidiary Company, as and when applicable.
- ii. As per revised clause 49(V)(F) of the Listing Agreement, ATFL will not dispose of shares in its material subsidiary which would reduce ATFL’s 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.
- iii. 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.
- iv. In the event subsidiary of ATFL becomes a listed subsidiary which itself is a holding company, then this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

5) DISCLOSURES

The material subsidiaries policy shall be disclosed on the company’s website & a web link thereto shall be provided in the Annual Report.

6) AMENDMENT

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time on account of change in regulations, if any.