



**POLICY ON DETERMINING MATERIAL SUBSIDIARIES**  
**OF**  
**HIMALAYAN BIO ORGANIC FOODS LIMITED**

## **1. GENERAL**

The Board of Directors of **Himalayan Bio Organic Foods Limited** (“**Company**”) has adopted this policy in accordance with the provisions of Regulation 16 read with Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”). This Policy aims to determine Material Subsidiary(ies) of the Company and is titled as the “Policy for Determining Material Subsidiaries”.

## **2. PURPOSE**

A subsidiary of the Company shall be considered ‘Material’ if the turnover or net worth of the subsidiary exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

For determining material subsidiaries for appointment of an independent director of the Company on the Board of Directors of such subsidiaries, the criteria of 20% of the consolidated turnover or net worth of the Company and its subsidiaries in the immediately preceding accounting year shall apply.

The Explanation to Regulation 16(1)(c) of SEBI Listing Regulations empowers the Board to define any additional criteria and to formulate a policy for determining ‘material’ subsidiary of the company.

In terms of the said requirements, the Board of Directors of the Company has formulated a policy for determining “material subsidiary” (“Policy”).

Pursuant to Regulation 46(2) of the Listing Regulations, the listed entity is required to disclose the Policy on its website and a web link thereto shall be provided in the Annual Report.

## **3. DEFINITIONS**

“**Act**” means the Companies Act, 2013 including any statutory modifications or re- enactment thereof.

“**Board of Directors**” or “**Board**” means the Board of Directors of **Himalayan Bio Organic Foods Limited**; as constituted from time to time.

“**Company**” means **Himalayan Bio Organic Foods Limited**.

“**Holding Company**”, in relation to one or more other Companies, means a Company of which such Companies are Subsidiary Companies.

“**Independent Director**” means a director appointed on the Board of the Company as Independent Director and who fulfils the required criteria under the Listing Regulations and Act as applicable from time to time.”

“**Subsidiary Company**” means Subsidiary Company as defined under Section 2(87) of the Act and the rules made there under.

“**Significant transactions or arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of total revenues or total expense or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI Listing Regulations or any other applicable laws or rules or regulation to the extent applicable to the Company.

#### **4. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARIES**

- At least one independent director on the Board of the Company shall be a director on the board of directors of an unlisted material Subsidiary Company, whether incorporated in India or not.
- The Audit Committee of the Company shall also review the financial statements, in particular the investments made by the unlisted Material Subsidiary;
- The minutes of the board meetings of unlisted Material Subsidiary shall be placed at the board meeting of the Company;
- The management of the unlisted Material Subsidiary shall periodically bring to the attention of the board of directors of the company, a statement of all Significant Transactions and arrangements entered into by the unlisted Material Subsidiary;
- The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50%, or cease the exercise of control over such Material Subsidiary, without passing a special resolution in its General Meeting, except in cases where such disinvestment is made under a scheme of arrangement duly approved by the 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 with in one day of the resolution plan being a pproved.
- The Company shall not sell, dispose or lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during the financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale / disposal / lease 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, except when such sale, disposal or lease is between two wholly owned subsidiaries.
- Where the Company has a listed Material Subsidiary, which is itself a holding company, the Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

#### **5. OTHER CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARIES**

The Board of the Company is consulted in respect of the appointments, remuneration and severance of CEO & senior managerial personnel and reviews the business plans and contracts by the unlisted Material Subsidiary.

All unlisted Material Subsidiaries incorporated in India shall undertake secretarial audit and annex secretarial audit report given by a company secretary in practice, in such prescribed format with the annual report of the Company.

The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company as per Regulation 30(9) of the SEBI Listing Regulations.

#### **6. INTERPRETATIONS**

Any words used in this Policy but not defined herein shall have the same meaning attributed to it under the Companies Act, 2013 or Rules made there under, SEBI Act or rules and regulations made thereunder.

#### **7. DISCLOSURE**

This Policy shall be placed on the Company's website and a web link thereto shall be provided in

the annual report of the Company.

## **8. REVIEW AND AMENDMENTS**

The Policy has been approved by the Board of Directors of the Company. The Board and/or Audit Committee may, as and when it deems appropriate, review this Policy. This Policy is being formulated keeping in mind the applicable laws, rules, regulations, and standards in India. If there is an amendment in such laws, rules, regulations, and standards, then this Policy shall be deemed to have been amended to the extent of such amendment.

The management of the Company is authorized to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs, Securities and Exchange Board of India or any appropriate authority from time to time.

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