

PINCON SPIRIT LIMITED

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POLICY ON DETERMINING MATERIAL SUBSIDIARIES

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1. **Introduction**

The Board of Directors (The “Board”) of Pincon Spirit Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

2. **Policy Objective**

To determine the Material Subsidiaries of Pincon Spirit Limited and to provide the governance framework for such subsidiaries.

3. All the Words and expressions used in this Policy, unless defined hereinafter, shall have meanings respectively assigned to them under the SEBI’s LODR, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

4. **Definitions**

“**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time under the provisions of SEBI LODR, 2015, RBI Act and/or the Companies Act, 2013.

Board of Directors or Board means the Board of Directors of Pincon Spirit Limited, as constituted from time to time.

Company means a Company incorporated under the Companies Act, 1956 or under any other act prior to or after the Companies Act, 1956.

Independent Director means a Director of the Company, not being a whole time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Schedule IV of the Companies Act, 2013 and the SEBI's LODR, 2015 entered into with the stock exchanges.

Policy means Policy on Material Subsidiary.

Material Subsidiary shall mean a Subsidiary whose income or net worth exceeds 20 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

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 material subsidiary for the immediately preceding accounting year.

Subsidiary shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

5. Policy

- i. A subsidiary shall be a Material Subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or turnover of the Company during the previous financial year.
- ii. One Independent Director of the Company shall be a Director on the Board of the unlisted material subsidiary, incorporated in India.
- iii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
- iv. The minutes of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- v. The Management 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 subsidiary Company.

6. Disposal of Material Subsidiary

The Company shall not:

- i. dispose of the shares in its material subsidiary which would reduce 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 divestment is made under a scheme or arrangement duly approved by a Court/Tribunal.

ii. sell, dispose-off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of special resolution, unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

7. Policy Review

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.