

SUNDROP BRANDS LIMITED
(Formerly known as Agro Tech Foods Limited)
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POLICY FOR DETERMINING MATERIAL SUBSIDIARY (“The Policy”)

1) Preamble and Applicability:

The Policy is framed by Sundrop Brands Limited (*formerly known as Agro Tech Foods Limited*) (the Company/Sundrop Brands) pursuant to Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), as amended from time to time, to ensure compliance with the applicable provisions of the Listing Regulations.

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 voting power 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(ies) are subsidiary(ies) companies.
- (iv) **“Company”** means Sundrop Brands Limited.
- (v) **“Material Subsidiary”** shall mean a subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated turnover or net worth respectively, of the Company 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 unlisted subsidiary for the immediately preceding accounting year.

3) Basis of Determining Material Subsidiary

This Policy lays down the basis of determining Material Subsidiaries of the Company and related issues as specified in the provisions of Regulation 16(1)(c) and 24 of the Listing Regulations.

A Subsidiary shall be considered as material if its turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

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

4) Provision with regard to Material Subsidiary

- i. At least one independent director on the Board of Directors of the Company, the Holding Company will be appointed as a director on the Board of Directors of an unlisted material - Subsidiary Company, whether incorporated in India or not, as and when applicable.
- ii. As per Regulation 24(5) of Listing Regulation, Sundrop Brands will not dispose of shares in its material subsidiary which would reduce Sundrop Brands shareholding (either on its own or together with other subsidiaries) to less than or equal to 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, 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.
- iii. Selling, disposing and leasing of assets amounting to more than 20% 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.
- iv. In the event where subsidiary of Sundrop Brands 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**

Any new regulation / circular issued by SEBI shall be deemed to have been included in the Policy immediately upon their issuance, without waiting for formal approval of the Board. The provisions in the Policy are in addition to, and not in derogation of, other applicable laws.

In case of any subsequent changes in the Companies Act or Listing Regulations or any other regulations which makes any of the provisions in this Policy inconsistent with the Companies Act or Listing Regulations, or any other regulations, then the provision of the Companies Act or Listing Regulations or other regulations would prevail over this Policy and the provisions of this Policy would be modified in due course to make it consistent with law. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being 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.