

PITTI LAMINATIONS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. PREAMBLE AND OBJECTIVE:

The Board of Directors of the Company ("Pitti Laminations Limited"), in pursuance of Clause 49 of the Listing Agreement and other applicable provisions (including any statutory enactments / amendments thereof), adopted the following policy for determining 'material' subsidiaries and ensure identification and governance of material subsidiary companies.

2. DEFINITIONS:

"Audit Committee" means Audit Committee constituted by the Board of Directors of Pitti Laminations Limited, from time to time, under Section 177 of the Companies Act, 2013 and the Listing Agreement.

"Board of Directors" or "Board" means the Board of Directors of Pitti Laminations 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;

"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 the listed holding company and its subsidiaries in the immediately preceding accounting year.

"Material subsidiary" means a subsidiary, "if the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

"Policy" means Policy for determining Material Subsidiaries.

"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 the immediately preceding accounting year.

"Subsidiary" shall mean a subsidiary as defined under the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement or any other applicable regulation.

3. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES:

A subsidiary of the Company shall be regarded as Material Subsidiary if it falls under the definition provided above.

The Audit Committee shall on annual basis review such details / information as may be required to determine the 'Material Subsidiaries'.

4. GUIDING PRINCIPLES

"Material Subsidiary" and "Material non listed Indian subsidiary" of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification should happen soon after preparation of annual accounts and the outcome should be placed before the Audit Committee or Board, as the case may be, in the meeting where the Annual Audited Accounts of the Company are considered.

5. INVESTMENTS IN SUBSIDIARIES:

Approval of the Board is required to invest more than 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year in a subsidiary of the Company.

The Managing Director/Whole-time Director shall provide the following details to the Board to consider the above referred investment:

- a. Name of the Company in which Pitti Laminations Limited proposes to invest.
- b. Profile of the Company.
- c. Objects of the Investment.
- d. Future prospects of the company in which Pitti Laminations Limited proposes to invest.
- e. Advantages of such investments.

While considering the proposal to invest as above the Board shall consider the following:

- a. Whether the company/business in which the Pitti Laminations Limited proposes to invest have potential to increase the profitability.
- b. Whether such investment is for profit or strategic advantages.
- c. Whether the objectives set out for such investments can be achieved.
- d. Whether any alternate investment opportunity is available to achieve the objects set out for such Investments.

6. GOVERNANCE OF MATERIAL SUBSIDIARIES:

At least one independent director on the Board of Directors of Pitti Laminations Limited shall be appointed as a director on the Board of Directors of a material non-listed Indian subsidiary company.

The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the meeting of the Board.

To bring it to the attention of the Board, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company shall be periodically placed before the Board of Directors.

The Company shall not dispose of shares in its material subsidiary which would reduce the shareholding of the Company (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.

The Company shall not sell, dispose 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 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. DISCLOSURE:

The policy shall be disclosed on the company's website (www.pittielectriclam.com) and a web link thereto shall be provided in the Annual Report of the Company.

8. POLICY REVIEW, ETC.:

The Board of Directors of the Company may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this policy and of the applicable law dealing with the material subsidiaries, such applicable law in force from time to time shall prevail over this policy.
