



PPAP AUTOMOTIVE LIMITED
(Formerly Precision Pipes and Profiles Company Limited)

POLICY ON MATERIAL SUBSIDIARIES

1. Preface

As per Regulation 16(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity is required to frame a policy on material subsidiaries.

2. Purpose of the Policy

The purpose of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

3. Definitions

- a) **"Audit Committee"** means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement;
- b) **"Board"** means the Board of Directors of PPAP Automotive Limited;
- c) **"Company"** means PPAP Automotive Limited;
- d) **"Independent Director"** means a Director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement;
- e) **"Policy"** means the policy on material subsidiaries;
- f) **"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;
- g) **"Subsidiary"** shall be as defined under the Companies Act, 2013 and the rules made thereunder; and
- h) **"Unlisted Subsidiary"** means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

4. Policy

A subsidiary shall be considered as **Material** if-

- i. 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 immediate financial year; or
- ii. the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

5. Governance framework

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company;
- ii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company;
- iii. The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.; and
- iv. One Independent Director of the Company shall be a Director on the Board of the Unlisted Material Subsidiary Company.

6. Disposal of Material Subsidiary

The Company shall not:

- i. Dispose off 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 such divestment is made under a scheme of arrangement duly approved by Court / Tribunal.
- ii. Sell, dispose and lease of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall 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. Amendments

Any change in the Policy shall be approved by the Board of the Company. The Board of the Company shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

8. Dissemination of Policy

This Policy shall be hosted on the website of the Company at (www.ppapco.in) and a web link thereto shall be provided in the annual report of the Company.