

PROLIFIC RESOLUTION PRIVATE LIMITED

CIN: U74999RJ2019PTC064522

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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| 1 st Amendment | May 5, 2026 |

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Registered Office: Second Floor, Shop No. 35, Sector-6, Near Hotel Deep, Malviya Nagar, Jaipur-302017
Correspondence Address: Hincan House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai-400083
Email: secretarial@hccindia.com **Tel:** +91 22 2575 1000

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1. PREAMBLE

This Policy for Determining Material Subsidiary ("Policy") is framed in accordance with **Regulation 16(1)(c)** read with **Regulation 24** and **Regulation 46(2)(h)** of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), as amended from time to time.

The purpose of this Policy is to determine the following:

- Define the criteria for determining a "Material Subsidiary";
- Requirement of Independent Director in certain unlisted Material Subsidiaries, incorporated in India or not
- Restriction on disposal of shares of Material Subsidiary by the Company
- Restriction on disposal or lease of assets of Material Subsidiary by the Company
- Disclosure requirements, under the Listing Regulations, as amended, and any other laws and regulations as may be applicable to the Company.

Accordingly, the Board of Directors of Prolific Resolution Private Limited has adopted this Policy for Determination of Material Subsidiary.

This Policy is disclosed on the Website of the Company at www.prolificresolution.com.

2. DEFINITIONS

- a) "**Act**" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- b) "**Audit Committee**" means the Committee constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, including any statutory modification(s) or re-enactment(s) thereof.
- c) "**Board of Directors**" or "**Board**" means the Board of Directors of Prolific Resolution Private Limited, as constituted from time to time.
- d) "**Company**" means Prolific Resolution Private Limited.
- e) "**Consolidated Turnover or Consolidated Net Worth**" shall mean the consolidated turnover or consolidated net worth, as the case may be, of the Company and its subsidiaries, as reflected in the consolidated financial statements prepared in accordance with applicable accounting standards.
- f) "**Independent Director**" shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, read with Section 149 of the Companies Act, 2013, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

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- g) **“Material Subsidiary”** shall have the meaning as stated hereinafter in the Policy.
- h) **“Net Worth”** means net worth as defined in Section 2(57) of the Companies Act, 2013 read with the Regulation 2(1)(s) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- i) **“Subsidiary”** shall mean a subsidiary as defined under the Companies Act, 2013 and Rules made thereunder (‘Act’).
- j) **“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total turnover, total expenses, total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding financial year.
- k) **“SEBI Listing Regulations”** means SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- l) **“Unlisted Material Subsidiary”**. shall mean a Material Subsidiary whose designated securities are not listed on any recognised Stock exchange in India
- m) **“Unlisted Subsidiary”** means a Subsidiary whose designated securities are not listed on any recognized stock exchange.

3. DETERMINATION OF MATERIAL SUBSIDIARY

A subsidiary shall be considered as a Material Subsidiary if its turnover or net worth exceeds 10% of the consolidated turnover or consolidated net worth, respectively, of the Company and its subsidiaries, as per the audited financial statements of the immediately preceding financial year.

Provided further, where the consolidated net worth of the Company and its subsidiaries is negative, a subsidiary shall be treated as a material subsidiary if its turnover exceeds 10% of the consolidated turnover of the Company and its subsidiaries.

The Company shall, on formation of a Subsidiary, at the end of every year, determine whether the Subsidiary falls under the criteria for Material Subsidiary as defined above. In case the Subsidiary falls under the criteria, the same is to be reported to the Board for its noting at the first instance.

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4. GOVERNANCE FRAMEWORK

a. APPOINTMENT OF INDEPENDENT DIRECTORS

At least one Independent Director on the Board of the Company shall be a Director on the Board of the unlisted Material Subsidiary, whether incorporated in India or overseas.

For the purposes of this clause only, an unlisted subsidiary shall be considered material if its turnover or net worth exceeds 20% of the consolidated turnover or net worth, respectively, of the Company and its subsidiaries, in the immediately preceding financial year.

b. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY

The Company shall not dispose of shares in the Material Subsidiary resulting in reduction of 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 prior approval of the shareholders by way of a special resolution in a general meeting.

The provision as stated above shall not be applicable if the divestment or sale or disposal or 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized Stock Exchanges within one day of the Resolution Plan being approved.

c. RESTRICTION ON DISPOSAL AND/OR LEASING ASSETS OF MATERIAL SUBSIDIARY

The Company shall not sell, dispose of or lease out 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 a special resolution in a general meeting.

The provision as stated above shall not be applicable if the divestment or sale or disposal or 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized Stock Exchanges within one day of the Resolution Plan being approved.

d. SECRETARIAL AUDIT

Every material unlisted subsidiary incorporated in India shall undertake secretarial audit in accordance with Regulation 24A of the SEBI LODR Regulations.

The Secretarial Auditor shall be a peer-reviewed Company Secretary in Practice and shall be appointed, re-appointed and governed in accordance with SEBI LODR Regulations and applicable SEBI circulars, as amended from time to time.

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5. REVIEW FRAMEWORK

a. **MATTERS TO BE REVIEWED BY BOARD OF DIRECTORS**

- The Minutes of the Board Meetings of the Unlisted Subsidiary
- Statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary
- A statement containing salient features of the financial statement of its Subsidiaries and Associate Companies (on an annual basis).

b. **MATTERS TO BE REVIEWED BY AUDIT COMMITTEE**

- Financial statements of Subsidiaries, in particular, the investments made by the Unlisted Subsidiaries.
- Utilization of loans and/ or advances from/investment in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
- Any transaction between the Company and its Subsidiary(ies) shall be entered into in accordance with the Policy on dealing with Related Party Transactions of the Company.

6. INTERPRETATION

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or rules and regulations made thereunder, or any other relevant legislation / law applicable to the Company. In case of any conflict between the law and the policy, the law shall prevail.

7. AMENDMENTS

The Board of Directors of the Company shall have the authority to amend, modify or substitute this Policy from time to time, to give effect to any changes in applicable laws or regulations.

The Company Secretary is authorised to carry out necessary changes pursuant to amendments in law, subject to subsequent noting by the Board of Directors.

