



SIMRAN AGROVET LIMITED

CIN: U15400MP2017PLC043674

POLICY FOR DETERMINING “MATERIAL SUBSIDIARY”

1. INTRODUCTION

This Policy on Material Subsidiary (“Policy”) has been formulated in accordance with the provisions of **Regulation 16(1)(c), 24 and 46** of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), Applicable provisions of the **Companies Act, 2013** and rules made thereunder, and Other applicable laws, rules and regulations, as amended from time to time.

As the Company proposes to undertake an **Initial Public Offering (IPO)** and list its securities on recognized stock exchanges, it is required to adopt and disclose a Policy for determining “Material Subsidiary” and for governance of its subsidiaries.

2. OBJECTIVE

The objectives of this Policy are to:

- Lay down the criteria for determining “Material Subsidiary”;
- Define the governance framework for monitoring and oversight of subsidiaries;
- Ensure compliance with SEBI LODR and applicable corporate governance requirements;
- Protect the interest of investors, especially minority shareholders, by ensuring transparent functioning of subsidiaries.

3. DEFINITIONS

For the purpose of this Policy:

“**Act**” means the Companies Act, 2013 and rules made thereunder, as amended from time to time.

“**Audit Committee**” means the Audit Committee of the Board of Directors of the Company constituted under Section 177 of the Act and Regulation 18 of SEBI LODR.

“**Board**” means the Board of Directors of the Company.

“**Company**” or “**Simran**” means SIMRAN AGROVET LIMITED

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, as per Regulation 16(1)(c) of SEBI LODR.

“**Significant Transaction or Arrangement**” means any transaction or arrangement that individually or taken together with previous transactions during a financial year, exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as per consolidated audited financial statements of the Company and its subsidiaries for the immediately preceding accounting year.

“Subsidiary” shall have the same meaning as defined in Section 2(87) of the Act and Regulation 2(1)(zm) of SEBI LODR.

4. IDENTIFICATION OF MATERIAL SUBSIDIARY

As per Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds **10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.**

Accordingly, for identification purposes, the Company evaluates the financial statements of each subsidiary at the end of every financial year, comparing their income and net worth with that of the consolidated financials of the Company. Any subsidiary meeting the prescribed threshold shall be classified as a **material subsidiary**.

The Audit Committee and the Board are periodically updated on such identification, and the same shall be disclosed in accordance with applicable laws and regulations.

5. GOVERNANCE FRAMEWORK FOR SUBSIDIARIES

5.1 Appointment on the Board of Subsidiary

- At least **one Independent Director** of the Company shall be a director on the Board of an **unlisted material subsidiary**, incorporated in India, in compliance with Regulation 24(1) of SEBI LODR.

5.2 Audit Committee Oversight

- The **Audit Committee** of the Company shall review the financial statements, in particular the investments made by the **unlisted subsidiary companies**.
- The Audit Committee shall also review the significant transactions and arrangements entered into by the unlisted subsidiary.

5.3 Board Oversight

- The **minutes of meetings** of the Board of Directors of the unlisted subsidiary companies shall be placed before the Board of the Company.
- A statement of all **significant transactions and arrangements** entered into by the unlisted subsidiary shall be placed before the Board of the Company on a periodic basis.

5.4 Restrictions on Disposal of Shares/Assets of Material Subsidiary

- The Company shall not, without passing a **special resolution in its General Meeting**:
 - Dispose of shares in its **material subsidiary**, if such disposal would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%, or

- Cease to exercise control over the subsidiary, unless such divestment is made under a scheme of arrangement duly approved by a court/tribunal or under a resolution plan approved under the Insolvency Code.
- The Company shall not sell, dispose, or lease assets amounting to more than **20% of the assets of a material subsidiary** on an aggregate basis during a financial year without prior approval of shareholders by way of a **special resolution**, unless undertaken under a scheme of arrangement duly approved by a court/tribunal.

6. COMPLIANCE AND DISCLOSURES

This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

7. REVIEW AND AMENDMENTS

The Board may review and amend this Policy as and when required, to align it with changes in applicable laws and regulations. In case of any conflict between the provisions of this Policy and applicable laws, the latter shall prevail.

8. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board of Directors of the Company.

Note: As of now and since the Company's incorporation, there are no subsidiary companies affiliated with us. Nonetheless, this policy regarding the determination of material subsidiaries has been established to ensure compliance and to identify any potential material subsidiaries that may be created in the future.