



SIMRAN FARMS LIMITED

(Farmers' Friends Since 1989)

CIN: - L01222MP1984PLC002627

POLICY FOR DETERMINING "MATERIAL" SUBSIDIARIES

SIMRAN FARMS LIMITED

POLICY FOR DETERMINING **MATERIAL SUBSIDIARY**

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POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

1. PREAMBLE

This policy is called “**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**” of **SIMRAN FARMS LIMITED** and shall be effective from **1st October, 2014 (Effective Date)**

This policy intends to comply with the requirements of Clause 49 of the Listing Agreement to determine material subsidiaries of the Company.

The Company has investments in one subsidiary company only. The Company does not have any material subsidiary as on the date of approving this Policy. This Policy shall apply for determining material subsidiaries of the Company.

The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all applicable laws and regulations, as may be amended from time to time.

2. DEFINITIONS

- a. “**Act**” means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time.
- b. “**The Company**” means **SIMRAN FARMS LIMITED**
- c. “**The Policy**” or “**This Policy**” means **POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES**.
- d. “**Effective Date**” means the date with effect from which, the Policy shall apply.
- e. “**Audit Committee**” shall mean the Audit Committee of the Board of Directors of the Company.
- f. “**The Board**” or “**Board of Directors**” refers to the Board of Directors of Simran Farms Limited.
- g. “**Subsidiary(s)**” shall mean subsidiary (ies) of the Company as defined under the Act.
- h. “**Material Non-Listed Indian Subsidiary**” shall mean a Non-Listed 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.
- i. “**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 Non-Listed Subsidiary for the immediately preceding accounting year.

- j. **“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 the group of the Company and who satisfies the other criteria of independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

Words, terms and expressions used and not defined in these Listing Regulations but defined in the Act shall have the same meaning respectively assigned to them in the Act.

3. POLICY AND PROCEDURES

- I. The Company shall consider a subsidiary as a material subsidiary if it satisfies any of the following criteria:
- a. the investment of the Company in the Subsidiary exceeds twenty per cent (20%) of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b. the Subsidiary has generated twenty per cent (20%) of the consolidated income of the Company during the previous financial year.

The list of such Material Subsidiaries and Material Non-listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

- II. The Board shall appoint one of the Independent Director of the Company as a Director on the Board of directors of the Material Non-Listed Indian Subsidiary.

- III. The Company shall follow such governance procedures in relation to Material Subsidiaries as may be outlined in the Listing Regulations and the Act from time to time.

- IV. The Company shall not:

- a. dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than fifty percent (50%)/ 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
- b. sell, dispose and/or lease assets amounting to more than twenty percent (20%) 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.

- V. The Management of the Company shall monitor and ensure that as and when any of the subsidiary company is determined as a Material Subsidiary, the same shall be intimated to the Audit Committee. The Audit Committee shall review the same and make suitable

recommendations to the Board to ensure compliance with the Listing Regulations in this regard.

In case of IV(a), monitoring shall be done as and when an investment is made in any of the subsidiary(s) And in case of IV(b), monitoring shall be done at the time of finalizing the consolidated audited accounts.

4. AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the policy entirely with a new policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedure, from time to time, to give effect to this policy and to ensure governance of material subsidiary companies.

5. SCOPE AND LIMITATION

This Policy may be amended by the Board from time to time to be in line with any amendments made to the Listing Agreement and the Act and such other guidelines as may be issued by SEBI from time to time. If any rules or clause of this policy is inconsistent with any Act or Regulation, then the provision of such Regulations and Act shall prevail over such policy.

6. APPROVAL

This Policy has been approved by the Board of Directors of the Company at its meeting held on 14th November, 2014.