



Samrat Pharmachem Limited

Manufacturers & Exporters of Pharmaceutical Chemicals

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY AND GOVERNANCE OF SUBSIDIARY

PREAMBLE

Regulation 16 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires a listed company to frame a policy for determining a “material” subsidiary, which shall be hosted on the website of the Company and the web link of the same is to be disclosed in the section titled as ‘Corporate Governance Report’ of the Annual Report of the Company.

GOVERNING LAWS

This policy shall be governed by the provisions of the SEBI Act, Rules and Regulations made thereunder and all other applicable laws for the time being in force.

PURPOSE

This Policy lays down the criteria for determining and dealing with material subsidiary of Samrat Pharmachem Limited (hereinafter referred to as “the Company”) and disclosure thereof as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy also intends to ensure governance of Material Subsidiary company by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiary by the Company.

DEFINITION

“**Audit Committee**” means the committee formed under Section 177 of the Companies Act, 2013.



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“**Board of Directors**” or the “**Board**” shall mean the board of Directors of the Company, as constituted from time to time;

“**Company**” means Samrat Pharmachem Limited;

“**Control**” means Company shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

“**Directors**” mean all the Directors on the Board.

“**Independent Director**” means a non- executive Director of the Company, other than a nominee Director and who is neither a promoter nor belongs to the promoter group of the Company, and who satisfies other criteria for independence mentioned in the Companies Act, 2013 and the Listing Regulations. The promoter group of the Company, and who satisfies other criteria for independence mentioned in the Companies Act, 2013 and the Listing Regulations.

“**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiary in the immediately preceding accounting year.

“**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 unlisted material subsidiary for the immediately preceding accounting year.

“**Subsidiary**” means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013.

“**Unlisted Material Subsidiary**” means an unlisted subsidiary, incorporated in India, whose income or net “Unlisted Material worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation.



COMPLIANCES UNDER REGULATIONS

In terms of Regulation 24 of SEBI (LODR), the Company shall make the following compliances in connection with the subsidiary: -

1. **Independent Director on the Board of Material Unlisted Subsidiary company**

At least one Independent Director on the Board of the Company shall be a director on the board of the unlisted Material Subsidiary company.

2. **Financial Statement of Unlisted Subsidiary company**

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

3. **Minutes of Unlisted Subsidiary company**

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

4. **Significant Transactions/Arrangements of Unlisted Subsidiary Company**

The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions or Arrangements entered into by the unlisted subsidiary.

5. **Restriction on Disposal of Shares of Material Subsidiary by the Company**

The Company shall not dispose of the shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease to exercise 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.

6. **Restriction on Disposal of Assets of Material Subsidiary**

The Company shall not sell, dispose of or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without



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the prior approval of its 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. Reporting and Disclosure

As approved by revised regulation 46(2)(h) of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

8. Compliance Responsibility

The Company Secretary and Compliance Officer shall ensure the compliance of this Policy and shall have the power to ask for any information or clarifications from the management in this regard.

9. Disclosure of Events or Information

The Company shall disclose all events or information with respect to subsidiary, which are material for the Company as per Regulation 30(9) of the Listing Regulation.

10. Review / Amendment

The Board of Directors can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.