

AVANTI FEEDS LIMITED

**POLICY ON MATERIAL SUBSIDIARIES  
AND GOVERNANCE OF SUBSIDIARIES**

**1. OBJECTIVE**

- 1.1. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of Avanti Feeds Limited (AFL or “the Company”).

**2. DEFINITIONS**

**2.1. Subsidiary:**

A Company in which AFL- (i) controls the composition of the Board of Directors; or (ii) exercises or controls more than fifty percent of the total share capital of the Company, either directly or together with one or more of its subsidiaries, shall be treated as a Subsidiary of AFL.

**2.2. Material Subsidiary:<sup>1</sup>**

A Subsidiary Company shall be treated Material if:

- a) the investment in the Subsidiary exceeds 10% of the consolidated net worth of AFL as per audited balance sheet of the previous accounting year; or
- b) the Subsidiary has generated 10% of the consolidated income of AFL during the previous accounting year.

**Material Unlisted Subsidiary:**

Material Unlisted Subsidiary means a non listed subsidiary company, incorporated in India, whose income or net worth (i.e. paid up share capital and free reserves), exceeds 10% of the consolidated income or net worth respectively of the company and its subsidiaries in the immediately preceding accounting year.

**2.3. Significant transactions or arrangements:**

Significant transactions or arrangements 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.

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<sup>1</sup> Definition of criteria for material subsidiary modified by the Board on 08.02.2019 pursuant to SEBI (LODR) Amendment Regulations 2018

Any other term not defined herein shall have the same meaning as defined under Companies Act, 2013 or the Rules framed thereunder, the listing agreement act rules and regulations framed by the Securities and Exchange Board of India or any other relevant legislation / regulation applicable to the company.

### **3. GOVERNANCE FRAMEWORK**

#### **3.1. All Subsidiaries:**

- a) minutes of the Board meetings of all Subsidiary Companies shall be placed before the Board of Directors of AFL on quarterly basis;
- b) a statement of all significant transactions and arrangements entered into by the Subsidiary Companies during the quarter shall be brought to the attention of the Board of Directors of AFL on quarterly basis;
- c) the Audit Committee of AFL shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company, if any, on an annual basis;
- d) any transaction between AFL and its Subsidiary Company shall be entered into in accordance with Related Party Transaction Policy of the Company.

#### **3.2. Material Subsidiaries:**

- a) the list of Material Subsidiaries shall be placed before the Audit Committee of AFL on an annual basis;
- b) at least one Independent Director on the Board of AFL shall be appointed as a Director on the Board of material unlisted Indian Subsidiary Company;
- c) any proposal for disposal of shares in Material Subsidiary, such that the shareholding in the Company may reduce to less than fifty percent or AFL would cease to exercise control over the entity, shall be subject to approval of shareholders of AFL by way of Special Resolution in General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal ;
- d) any proposal for selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis

during a financial year shall be subject to 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 ;

**4. RESPONSIBILITY:**

- 4.1. The Company Secretary shall be responsible for ensuring the compliance of this Policy.
- 4.2. A list of Material Subsidiary shall be maintained by the Company Secretary and the same shall be placed before the Audit Committee on an annual basis.
- 4.3. The Audit Committee shall review the list of Material Subsidiary and make suitable recommendations, including recommendation for appointment of Independent Director on the Board of Material Subsidiary.

**5. DISCLOSURE:**

This Policy shall be disclosed in the Company's website and a weblink thereto shall be provided in the annual report.

**6. REVIEW OF THE POLICY:**

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

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