



AARVI ENCON LIMITED
CIN: L29290MH1987PLC045499

POLICY ON DETERMINING MATERIAL SUBSIDIARIES*

Introduction:

The Board of Directors of the Company has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

The Policy is framed in accordance with the requirements of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called the "Listing Regulations") to ensure the compliance with the applicable provisions of the Listing Regulations. The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

Definitions:

"**Act**" means the Companies Act, 2013 and rules made thereunder, including any modifications, amendments, clarification and circular thereof.

"**Audit Committee or Committee**" means Audit Committee constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 and the provisions of Listing Regulations, as amended from time to time.

"**Board of Directors**" or "**Board**" means the Board of Directors of Aarvi Encon Limited, as constituted from time to time.

"**Company**" means 'Aarvi Encon Limited'

"**Control**" same means as defined under Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

"**Independent Director**" means an Independent Director referred to in Section 149(6) of the Companies Act, 2013, and / or Regulation 16(b) of the Listing Regulations, 2015.

"**Subsidiary**" means subsidiary company as defined under Section 2(87) of the Companies Act, 2013 and the rules made thereunder.

"**Material Subsidiary**" shall mean a subsidiary, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"**Policy**" means policy on Material Subsidiary.

Governance Framework:

- At least One Independent Director of the Company shall be a director on the Board of the Material Subsidiary Company whether incorporated in India or not.



For the purpose of above provision, material subsidiary shall mean a subsidiary, whose turnover or net worth exceeds 20%* of the consolidated turnover or net worth of the Company and its subsidiaries in the immediately preceding accounting year.

- The Company and its material unlisted Subsidiary shall undertake Secretarial Audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a peer reviewed Company Secretary in practice, in such form as may be specified.

Disposal:

The Company, without passing a special resolution in its General Meeting, shall not:

- Dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary or
- Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

Nothing contained in this clause shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

Amendment:

The Board of Directors can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

Scope & Limitation:

In the event of any conflict between the provisions of this Policy and the Listing Regulations / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of the SEBI Listing Regulations / the Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

Dissemination of Policy:

This policy shall be hosted on the website of the Company (www.aarviencon.com) and a web link thereto shall be provided in the annual report of the Company, as per the provisions of the law in force.

***NOTE:**

1. *Approved by the Board of Directors at their meeting held on 14th November, 2017*
2. *Amended and approved by the Board of Directors at their meeting held on 8th February, 2025*