

A large, faded version of the NOVA logo is centered in the background, serving as a watermark. It includes the word "NOVA" in blue with the sun icon, a horizontal line, and the words "AGRITECH LIMITED" in red.

***Policy on Identification of Group Companies,
Material Creditors, and Material Litigations***

NOVA AGRITECH LIMITED

**POLICY ON IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS,
AND MATERIAL LITIGATIONS:**

INTRODUCTION

Securities Exchange Board of India (“SEBI”), vide its notification dated August 14, 2015, notified the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations (Fourth Amendment) Regulations, 2015 (“4 Amendment Regulations”) whereby SEBI (i) modified the definition of the ‘group companies’; (ii) modified the disclosure requirements pertaining to litigation involving the issuer company, its directors, its subsidiaries, its promoters and its group companies; and (iii) modified the disclosure requirement pertaining to the outstanding dues to creditors. Accordingly, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI Regulations”) stands amended to this extent.

OBJECTIVE

The Board of Directors (“Board”) of Nova Agritech Limited (“Company”) has adopted this policy and procedures for identification of:

- i. Companies which are considered to be material as a Group company of the Company within the meaning of ‘Group Company’ defined under the SEBI (ICDR) Regulations;
- ii. Material Creditors; and
- iii. Material Litigation.

This policy shall be called the ‘Policy on Identification of Group Companies, Material Creditors and Material Litigation’s (“Policy”). The Policy shall be come into effect from the date of its approval by our Board.

INTERPRETATION

In this Policy, unless the context otherwise requires:

1. words denoting the singular shall include the plural and vice versa.
2. references to the words “include” or “including” shall be construed without limitation.

POLICY PERTAINING TO THE IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS:

The policy with respect to the identification of the Material Group Companies, Material Creditors and Material Litigation shall be as follows:

In this Policy, the term "Offer Documents" shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus (along with any addenda or corrigenda thereto), as applicable, to be filed with the Securities and Exchange Board of India ("SEBI"), the Registrar of Companies, Telangana at Hyderabad or the Stock Exchanges where the equity shares of the Company are proposed to be listed, and any other regulatory authorities, as applicable; and the term "Restated/Consolidated Financial Statements" shall mean the restated consolidated financial statements of the Company, as disclosed in the Offer Documents, together with the summary statement of significant accounting policies, and other explanatory information thereon derived from the relevant audited consolidated financial statements, prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (read with the Companies (Indian Accounting Standards) Rules, 2015, as amended) and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

Identification of the Group Companies:

As per schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Company is required to define materiality policy, for identification of "**Group Companies**" for disclosure of "**Group Companies**" in its draft prospectus/prospectus as:

"The words "group companies", wherever they occur, shall include such companies as covered under applicable accounting standards and also other companies as considered material by the board of the issuer."

For the purpose of identification of "**Group Companies**", our Company has considered those companies as our Group Companies which is covered under the applicable accounting standard (AS-18) issued by the Institute of Chartered Accountants of India as per Restated Financial Statements and also other companies as considered material

by the Board of the issuer pursuant to the SEBI (ICDR) Regulation 2018. The materiality Policy framed by the Board covers such Companies as Our Group Companies which fulfils both (i) and (ii) conditions as mentioned below -

- 1) Such company that forms part of the Promoter Group of our Company in terms of Regulation 2(1)(pp)(iv) of the SEBI Regulations; and
- 2) Our Company has entered into one or more transactions with such company in preceding fiscal or audit period as the case may be exceeding ten percent (10.00%) of total revenue of the company as per Restated Financial Statements.

Identification of Material Creditors:

For identification of material creditors, such creditors of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents and on the website of the Company, if amount dues to any one of them **exceeds 5% of the total dues owed to creditors** of the Company as per the Restated Financial Statements of the Company as at the latest period covered in the Restated Financial Statements included in the relevant Offer Documents.

For the avoidance of doubt, it is clarified that this Policy on materiality of creditors shall be without prejudice to any disclosure requirements prescribed under the Companies Act, 2013 and the rules made thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents, or that may be prescribed by SEBI and / or such other applicable regulatory authority with respect to listed companies, or disclosure requirements, as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints, and that this Policy is solely adopted from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and the website of the Company and should not be applied towards any other purpose.

Identification of Material Litigation:

Requirement:

As per the SEBI ICDR Regulations, the Company is required to disclose the following classes of pending litigation involving the Company, its Subsidiaries, its Promoters and its Directors in the Offer Documents:

- (i) All criminal proceedings;
- (ii) All actions by statutory/ regulatory authorities;
- (iii) Disciplinary action including penalties imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;
- (iv) Taxation proceedings - Separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (v) Other pending litigation - As per the policy of materiality defined by the Board of Directors and disclosed in the Offer Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose outstanding litigation involving the Group Companies, which may have a material impact on the Company.

Other than litigations mentioned in paragraphs (i), (ii), (iii) and (iv) above, the following threshold shall be considered for determining "material" pending litigation involving the Company, its Subsidiaries, its Promoters and its Directors.

Such litigation involving an amount which exceeds **1% of the Profit after tax of the Company**, as per the restated consolidated financial statements of the Company as at the latest completed financial year for which the financial statements are included in the relevant Offer Documents. In terms of the SEBI ICDR Regulations, the Company is required to disclose outstanding litigation involving the Group Companies, which may have a material impact on the Company.

For the avoidance of doubt, it is clarified that this Policy shall be without prejudice to any disclosure requirements prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents, or that may be prescribed by SEBI and / or such other applicable regulatory authority with respect to listed companies, or disclosure requirements, as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints, and that this Policy is solely adopted from the perspective of disclosure requirements prescribed under the SEBI

ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose.

AMENDMENT

The Board (including its duly constituted committees wherever permissible), shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall automatically stand amended to reflect any changes to the SEBI Regulations, to the extent the same is the subject matter of this Policy.

DISCLOSURE

Para 12(A) of Part A of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 requires the same to be disclosed in its draft prospectus/prospectus of the company.

[This Policy is approved and adopted by the Board of Directors in their meeting held on February 27, 2023]
