



AMI ORGANICS LIMITED

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

Corporate Identity Number: L24100GJ2007PLC051093
Registered Office: Plot No. 440/4, 5 & 6, Road No. 82/A, GIDC Sachin, Surat – 394 230 Gujarat, India
Telephone: +91 7227977744/7573015366 Web : www.amiorganics.com

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

INTRODUCTION

The Securities and Exchange Board of India ("SEBI"), vide its Notification dated September 2, 2015, has issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("LODR"). As per the Regulation 16 (C) read with Regulation 24 of the LODR (as amended from time to time), the Board of Directors ("Board") of Ami Organics Limited ("Company") is required to frame a policy for determining material subsidiary under various applicable listing regulations. The Board has, at their meeting held on July 15, 2022 discussed and approved this policy for determination of material Subsidiary ("Materiality Policy"). This Materiality Policy shall be effective from the date of approval of policy by the Board.

PURPOSE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

DEFINITIONS

- a) "Act" means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
- b) "Applicable Law" means any law, rules, circulars, guidelines or regulations issued by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), The Institute of Company Secretaries of India (ICSI) and other professional bodies under which the preservation of documents has been prescribed.
- c) "Board" means the Board of the Directors of the Company.
- d) "Income/Revenue" means Total Income (including other income) as per the latest audited financial statements of the Company.
- e) "Net Worth" means net worth as defined under Section 2(57) of the Companies Act, 2013.
- f) "Independent Director" shall have the meaning ascribed to such term under sub-section (47) of section 2 of the Act read with sub-section (6) of section 149 of the Act and Regulation 16(b) of SEBI LODR.
- g) "Subsidiary Company or Subsidiary" means a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and Rules made there under.

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

MATERIAL SUBSIDIARY

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

A subsidiary shall be considered as material if income or net worth of the subsidiary exceeds ten percent (10%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

POLICY AND PROCEDURE

1. The audit committee shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company.
2. The minutes of the meetings of the board of directors of the unlisted Subsidiary shall be placed at the meeting of the Board for noting.
3. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

4. The management of the unlisted Subsidiary shall periodically bring to the notice of the Board, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent (10%) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year.

5. The management of the Company shall present to the Board, any change in the list of Material Subsidiaries.
6. The material unlisted Subsidiaries of the Company which are incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, prepared by a company secretary in practice.
7. The Company shall not, without the approval / prior approval of the members by special resolution, as may be, required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - dispose the shares held in its 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 Material 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 under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

- sell, dispose or lease of the assets amounting to more than 20% of the assets of the Material Subsidiary, on an aggregate basis during a financial year, shall require 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, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
8. Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

POLICY REVIEW

Where the terms of this Materiality Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard.

AMENDMENTS:

The Company's Board may amend the Materiality Policy as and when it deems necessary either pursuant to any change in law or otherwise. The Company shall be free to devise and implement any supplementary or other policies and guidelines in respect hereof for better implementation of this Materiality Policy. This Materiality Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

DISSEMINATION OF THE POLICY:

The approved Materiality Policy shall be uploaded under a separate section on the website of the Company at www.amiorganics.com

