



PRIVI SPECIALITY CHEMICALS LIMITED

(Formerly known as Fairchem Speciality Limited)

(CIN: L15140MH1985PLC286828)

Regd Off: Privi House, A-71, TTC, Near Koparkhairne Railway Station, Navi Mumbai -400709

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARY

**(Adopted by the Board at its meeting held on
_____ day, November __, 2020)**

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARY

1. Preamble

The equity shares of Privi Organics India Limited (“Company”) are to be listed / listed on the National Stock Exchange of India Limited (“NSE”) and the BSE Limited (“BSE”)

The Company has a Subsidiary in India (Privi Biotechnologies Private Limited) as well as in USA (Privi Organics USA Corp.).

The Policy on Material Subsidiaries (“the/this Policy”) has been formulated as required under Regulation 16(1)(c)_of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulation, 2015. The objective of the Policy is to identify, from time to time, material subsidiary of the Company based on the Criteria set out herein.

This policy will be used to determine the material subsidiaries and material unlisted Indian Subsidiaries of the Company and to provide governance framework for such Subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulation, 2015 and in the absence of its definition or explanation therein, as per Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, from time to time.

The Audit Committee may review the Policy and may amend the same from time to time, as may be deemed necessary.

2. Definitions

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of Listing Regulations.

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Company**” means Privi Speciality Chemicals Limited (Formerly known as Fairchem Speciality Limited)

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Regulations.

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

“**Material Unlisted Indian Subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Net Worth” means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“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 subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

“Unlisted Subsidiary” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

3. Policy & Procedure

- i. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
- ii. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- iii. The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
- iv. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not.

For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16(1)(c), 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.

- v. The Company shall not dispose of shares 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 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 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.
- vi. 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 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.

4. Disclosures

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

5. Limitation And Amendment

In the event of conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or any other statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.