

POLICY ON MATERIAL SUBSIDIARY

Aquapharm Chemical Limited
(Formerly known as Advaya Chemical Industries Limited)

Registered Office:

9th & 10th Floor, "Amar Synergy", 12B, Sadhu Vaswani Road, Pune 411001, India

Tel: + 912026053396

Website: www.aquapharm-india.com

CIN: U20299PN2024PLC227198

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AQUAPHARM CHEMICAL LIMITED
POLICY ON MATERIAL SUBSIDIARY

1. INTRODUCTION

The following are the policy and procedures with regard to determination of Material Subsidiaries of Aquapharm Chemical Limited (the Company). The Audit Committee of the Company's Board of Directors may review and amend this policy from time to time.

This Policy is in terms of Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

2. POLICY OBJECTIVE

This policy is framed pursuant to Listing Regulations and primarily intended to ensure the governance and reporting of transactions between the Company and its Subsidiaries Companies.

3. SCOPE

This Policy sets out the criteria for determining material subsidiary/subsidiaries.

4. DEFINITIONS

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of the Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

"Board of Directors" or "Board" means the collective body of the Board of Directors of the Company, as constituted from time to time.

"Company" means Aquapharm Chemical Limited, a company incorporated under the Companies Act, 1956 of India.

"Independent Director" means a director of the Company, who satisfies the criteria for independence stipulated under the Companies Act, 2013 and the Listing Agreement entered into with the Stock Exchanges.

"Policy" means the Policy on Material Subsidiary.

"Material Subsidiary" shall mean a Material Subsidiary whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

"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 the Companies Act, 2013 and the Rules made thereunder.

5. POLICY

a) A subsidiary shall be considered a Material Subsidiary, if such subsidiary’s turnover or net worth exceeds 10% of its consolidated turnover or net worth of the Company and its subsidiaries in the immediately preceding accounting year.

b) At least one Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of a Material Non-Listed Subsidiary Company, if there is any such subsidiary.

For the purpose of this requirement, a material subsidiary company shall mean a subsidiary company, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

c) The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

d) The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed before the Board meetings of the Company on a quarterly basis.

e) A statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary shall be brought to the attention of the Board on an annual basis.

f) The Company, without the prior approval of the members by Special Resolution shall not:

- dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary, 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved
- sell, dispose or lease the assets of the material subsidiary company amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved. Further, nothing contained in this sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company

- g) The management shall present to the Audit Committee annually a list of all subsidiaries together with the details of Material Subsidiary, if any, as defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of at least one Independent Director on the Board of any Material Non-Listed Subsidiary.
- h) The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and annex with its Annual Report, a secretarial audit report, given by a peer reviewed company secretary in practice.

6. GENERAL

Notwithstanding anything contained in this Policy, the Company shall ensure compliance with any additional requirements as may be prescribed under any law/regulations either existing or arising out of any amendment to such law/regulations or otherwise and applicable to the Company from time to time.

7. POLICY REVIEW

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or any other Applicable Law or as may be otherwise prescribed by the Board from time to time.

8. AMENDMENTS

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

9. DISCLOSURE

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report. The necessary disclosures about the Policy and other details should be made as per the requirements of the SEBI Listing Regulations and the Act.

10. CUSTODIAN: Company Secretary and Compliance Officer

This is an internal policy of the company. It can be amended/modified/withdrawn/suspended at the sole discretion of the Management without any notice, whatsoever. The policy is intended to be a guideline for various aspects pertaining to Human Resource Management of the organisation. Any change in the policy will be with effect from the date given in the policy without any retrospective effect.

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