

Oriental Aromatics

**POLICY FOR DETERMINING
MATERIAL SUBSIDIARIES**

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1. Introduction:

The Board of Directors of Oriental Aromatics Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below.

2. Objective:

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

The Policy is framed in accordance with Regulation 16 (c) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) including any amendments thereof.

3. Definitions:

- i) “Accounting Year”** means the financial year of the Company as prevailing from time to time. The financial year of the Company presently commences from 1st April every year and concludes on 31st March of the immediately succeeding year.
- ii) “Act”** means the Companies Act, 2013 as prevailing from time to time.
- iii) “Board of Directors”** or “Board” means the Board of Directors of the Company.
- iv) “Company”** means Oriental Aromatics Limited.
- v) “Consolidated Income or Consolidated Networth”** means the total income or networth of the Company and its subsidiaries.
- vi) “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 Regulations.
- vii) “Material Subsidiary”** means 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.
- viii) “Policy”** means this Policy for Determining Material Subsidiaries, as amended from time to time.
- ix) “Subsidiary”** shall be as defined under section 2(87) of the Companies Act, 2013 and the Rules made thereunder.
- x) “Unlisted Subsidiary”** shall mean any subsidiary of the Company which is not listed on the Stock Exchanges in India provided that where this term is defined (whether by way of definition, clarification or explanation) under the Listing Regulations, it shall have the meaning as per such definition.

Words and expressions used in this policy shall have the same meanings respectively assigned to them in the Listing Regulations and the Act or the rules framed thereon.

Any other term not defined herein shall have the same meaning assigned to it under the Listing Regulations and in the absence of its definition or explanation therein, as per the Act

and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

4. Governing of Material Subsidiary

In determining whether or not a subsidiary of the Company is or has become a material subsidiary, the Company shall be guided by and follow this Policy and the applicable provisions of the Listing Regulations.

i) Role of Audit Committee:

- a) The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- b) The management shall present to the Audit Committee annually in the meeting scheduled to be held in first quarter for approval of financial results, the list of material subsidiaries together with the details of the materiality defined herein for its review.

ii) General Governing Principles:

- a) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.
- b) The management of the unlisted subsidiary shall periodically bring to the attention of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation-“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.”

iii) Independent Director:

At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation – for the purposes of this clause, 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 and its subsidiaries in the immediately preceding accounting year.

iv) Divestment in Material Subsidiary:

The Company shall seek prior approval of the shareholders by Special Resolution for the following except in other cases where divestment is made under a Scheme of Arrangement duly approved by a Court/Tribunal.

- a) Disposing of shares of the Company’s Material Subsidiary, which would reduce the Company’s shareholding (either on its own or together with other subsidiaries) to less than 50% or which would cease the exercise of control over the subsidiary;
- b) Selling, disposing and leasing of assets amounting to more than twenty per cent of the assets of the Material Subsidiary on an aggregate basis during a financial year;

5. **Disclosures:**

The Company shall comply with such disclosure requirements relating to this Policy as may be stipulated under the Regulations, as per which, this Policy shall be uploaded on the website of the Company at www.orientalaromatics.com and a web link thereto shall be provided in the Company's Annual Report.

6. **Review:**

This Policy shall be reviewed by the Board as and when required. The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder till the time the Policy is suitably amended.

7. **Scope and Limitation:**

In the event of any conflict between the provisions of this Policy and the Listing Regulations/ Companies Act, 2013, rules or any other statutory enactments, the provisions of such Listing Regulations/Companies Act, 2013, rules or statutory enactments as amended from time to time, shall prevail over this Policy.