



“POLICY FOR DETERMINING MATERIAL SUBSIDIARY”

APIS INDIA LIMITED

(“the Company” or “APIS”)



POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. PURPOSE

This policy was formulated in accordance with the provisions of Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

This Policy aims to determine Material Subsidiary(ies) of the Company and is titled as the “Policy for Determining Material Subsidiaries”.

2. APPLICABLE DEFINATION

2.1 Subsidiary means:

"Subsidiary company" or "Subsidiary, in relation to any other company (that is to say the holding company), means a Company in which the holding company—

- (i) *controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause,—

- a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;



- b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- c) the expression "company" includes any-body corporate;
- d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

*Control shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;

2.2 Material Subsidiary

A subsidiary of the Company shall be considered 'Material' if:

- a) the net worth of the subsidiary exceeds 20% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding financial year; or
- b) the subsidiary has generated more than 20% of the consolidated income of the Company and its subsidiaries in the immediately preceding financial year.

3. RESTRICTION ON DISPOSAL OF ITS ASSETS BY MATERIAL SUBSIDIARY

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.



4. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

No Company shall 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 fifty percent 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 a Court/Tribunal.

5. DISCLOSURE/OTHER REQUIREMENTS REGARDING MATERIAL NON LISTED SUBSIDIARY

1. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.
2. The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary
3. 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 listed entity. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation.- For the purpose of this regulation, the term “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 material subsidiary for the immediately preceding accounting year.



6. COMPLIANCE BY STEP DOWN SUBSIDIARY

Where a listed entity 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.

7. DISCLOSURE

This Policy shall be disclosed on the Company's website www.apisindia.com and web link thereto shall be provided in the Annual Report of the Company

8. REVUEW/AMENDMENT

The Board may amend, abrogate, modify or revise any or all clauses of this Policy in accordance with the applicable provisions of the Listing Regulations and amendment(s) thereto notified by the Securities and Exchange Board of India and/or Stock Exchanges, from time to time. In case any provision(s) of this policy is contrary to or inconsistent with the provisions of the Companies Act, 2013, rules framed thereunder and Listing Regulations ("Statutory Provisions"), the Statutory Provisions shall prevail.

Further, amendments in the Statutory Provisions shall be binding even if not incorporated in this Policy.