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## **Policy on Material Subsidiaries**

### **INTRODUCTION**

The Board of Directors (the “Board”) of Advanced Micronic Devices Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy is formulated in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.  
Purpose of the Policy

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

### **Definitions**

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

“Board of Directors” or “Board” means the Board of Directors of Advanced Micronic Devices Limited as constituted from time to time.

“Company” means Advanced Micronic Devices Limited.

“Consolidated Income or Net-worth” means the total income or net-worth of the Company and its subsidiaries.

“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 Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

“Material non-listed Indian subsidiary” means an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

“Policy” means the Policy on Material Subsidiaries.

“Significant transactions and arrangements” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” means a subsidiary as defined under the Companies Act, 2013 and the Rules made there under.

Interpretation Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts, listing agreement, regulations, rules.

- (i) The Companies Act, 2013 or the rules framed thereon;
- (ii) Listing Agreement with Stock Exchanges;
- (iii) Securities Contracts (Regulation) Act, 1956;
- (iv) Securities and Exchange Board of India Act, 1992;

- (v) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;
- (vi) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (vii) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

#### **POLICY**

- (a) A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:
- (i) If the investment of the Company / proposed investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
  - (ii) If the subsidiary has have generated 20% of the consolidated income of the Company during the previous financial year.
- (b) One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- (c) The Audit Committee of the Board of the Company 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 periodically be placed before the Board of the Company.
- (e) The Management of the Company shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements, if any, entered into by the unlisted subsidiary company.
- (f) The Management of the Company shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

#### **DISPOSAL OF MATERIAL SUBSIDIARY**

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

- (i) Dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty per cent; or
- (ii) Ceases the exercise of control over the Subsidiary; or
- (iii) Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal..

#### **DISCLOSURES**

The Company shall disclose the Policy on Material Subsidiaries on its website and a web link shall be provided in the Annual Report.

#### **AMENDMENT**

Any amendment or modification in the Listing Agreement and any other applicable regulation relating to Material Subsidiaries shall automatically be applicable to the Company.

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