



## **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**

### **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

#### **1.0 Purpose**

This Policy is framed in accordance with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is intended to ensure governance of material subsidiary companies of Rashtriya Chemicals and Fertilizers Limited (RCF).

#### **2.0 Definitions**

**“Audit Committee”** means the Audit Committee of the Board constituted from time to time under the regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

**“Board”** means the Board of Directors of RCF.

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

**“Unlisted Material Subsidiary”** means an unlisted subsidiary which is incorporated in India or not and whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of RCF and its subsidiaries in the immediately preceding accounting year.

**“Subsidiary Company”** means a company defined as a subsidiary company in section 2(87) of the Companies Act, 2013.

#### **3.0 Procedure and Policy**

- i. 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, whether incorporated in India or not.
- ii. The management of RCF shall present to the Audit Committee, on an annual basis, the list of Material Subsidiaries. The Audit Committee shall



review the same and make suitable recommendations to the Board, including their recommendation for appointment of Independent Director (s) of RCF on the Board of the Material Unlisted India Subsidiary.

- iii. RCF shall not, without the approval/prior approval of the members by special resolution in its General Meeting:
  - a. Dispose of shares in its Material Subsidiary company 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 Material Subsidiary company except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal.
  - b. Sell, dispose-off or lease the assets amounting to more than 20% of the assets of the Material Subsidiary company on an aggregate basis during an accounting year, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

#### **4.0 Disclosure**

This “Policy for determining Material Subsidiaries” shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

#### **5.0 Amendments**

The Board may review and amend this policy as may be required from time to time in accordance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and any further amendments and notifications as may be made effective in this regard. Any subsequent notification, circular, guidelines or amendments under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.

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