

POLICY ON DETERMINING MATERIAL SUBSIDIARIES

AksharChem[®]

AksharChem (India) Limited

CIN : L24110GJ1989PLC012441

PREAMBLE

In accordance with the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated this policy for determining material subsidiary of the Company.

INTERPRETATION

Any terms used herein shall have the same meaning as defined in the Companies Act, 2013 or Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) or Listing obligations amended from time to time.

POLICY

A Subsidiary shall be considered as a 'Material Subsidiary', if its income or net worth exceeds 10% of consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

GOVERNANCE FRAMEWORK

a. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.

b. The minutes of the Board meetings of the Unlisted Subsidiary Companies shall be placed before the Board of Directors of the Company.

c. 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 company.

A transaction or arrangement shall be considered significant if it exceeds or is likely to exceed 10 percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding financial year.

d. At least one independent director of the Company shall be a director on the Board of of unlisted Material Subsidiary company, whether incorporated in India or not.

For the purposes of this provision, notwithstanding anything to the contrary contained in above Clause, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

e. The Company shall obtain prior approval of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year;

Such approval shall not be required, if such sale, disposal, lease of assets is:

- under a scheme of arrangement duly approved by a Court/Tribunal, or
- under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

f. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

REVIEW

This policy shall be reviewed periodically and may be amended by the Board of Directors of the Company, as may be deemed necessary.