

REFNOL RESINS AND CHEMICALS LIMITED'S
POLICY FOR DETERMINING MATERIAL SUBSIDIARY

OBJECTIVE:

The objective of the policy is to determine the material subsidiaries of Refnol resins and chemicals limited and to provide the governance framework for such subsidiaries.

COMMENCEMENT:

This policy shall come into effect from 1st October, 2014.

DEFINITION:

- A. "Board" means the board of directors of **Refnol resins and chemicals limited**, as constituted from time to time.
- B. "Company" means Refnol resins and chemicals limited.
- C. "**Subsidiary**" shall mean a subsidiary as defined under the Act and Rules made thereunder.
- D. "**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.
- E. "**Policy**" means this Policy, as amended from time to time.

POLICY:

A subsidiary shall be considered as Material if:-

- the investment of the company in the subsidiary exceeds twenty percent of its consolidated net worth as per the audited balance sheet of the previous financial year or
- If the subsidiary has generated twenty percent of the consolidated income of the company during the previous financial year.

A material non-listed Indian subsidiary shall mean:-

- net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- Income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

REQUIREMENT REGARDING MATERIAL NON-LISTED INDIAN SUBSIDIARY:

The Company, without passing a special resolution in its General Meeting, shall not:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- 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 in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

AMENDMENTS:

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies

DISCLOSURE:

This policy on determining material subsidiary shall be disclosed on the website of the Company (www.refnol.com) and a web link thereto shall be provided in the annual report of the company.