

BODAL CHEMICALS LIMITED

Policy for Determining Material Subsidiaries

1. Title:

This Policy shall be called “Policy for determining Material Subsidiaries” (Policy).

2. Objectives:

This Policy is framed in order to meet the requirements of Clause 49(V)(D) of the Listing Agreement (including any amendments thereof) and is intended to ensure the governance of the Company’s Material Subsidiary Companies.

The Board of Directors of the Company has formulated a policy for determining “Material Subsidiaries” to comply with the requirement of Clause 49 of the Listing Agreement for such Material subsidiaries.

Pursuant to the Listing Agreement, the Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

3. Effective:

The Policy is effective from **11th February, 2015**

4. Definitions:

“**Act**” means the Companies Act, 2013 including any statutory modifications or reenactment thereof.

“**Board of Directors**” or “**Board**” means the Board of Directors of Bodal Chemicals Limited; as constituted from time to time.

“**Company**” means Bodal Chemicals Limited.

“**Holding Company**”, in relation to one or more other Companies, means a Company of which such Companies are Subsidiary Companies.

“**Independent Director**” means an Independent Director referred to in sub-section (5) of Section 149 of the Act read with Clause 49(II)(B) of the Listing Agreement entered by the Company with the Stock Exchanges and as may be amended from time to time.”

“**Material non – listed Indian Subsidiary**” shall mean 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.

“Material Subsidiary” – A Subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited Balance Sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

“Subsidiary Company” means Subsidiary Company as defined under Section 2(87) of the Act and the rules made there under.

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

5. Provision with regard to Subsidiary Companies:

- The Audit Committee of the listed holding Company shall also review the financial statements, in particular the investments made by the unlisted subsidiary Company;
- The minutes of the Board meetings of unlisted subsidiary company shall be placed at the Board meeting of the listed holding Company;
- The Management shall periodically bring to the attention of the Board of Directors of the listed holding Company a statement of all significant transactions & arrangements entered into by the unlisted subsidiary Company;
- The Company shall include particulars of subsidiary Companies in its annual return;
- The Company shall also attach a statement along with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries.
- The Company shall along with its financial statements to be filed with Registrar, attach the accounts of its Subsidiary or Subsidiaries which have been incorporated outside India & which have not established their place of business in India;
- The Company shall place separated audited accounts in respect of each of its subsidiary on its website, if any and shall provide the copy of such

audited financial statements to any shareholders of the Company, who asks for its.

6. Provisions with regard to Material Non-Listed Indian Subsidiary and Material Subsidiary Companies:

- At least one Independent director on the Board of Directors of the holding Company shall be a Director on the Board of Directors of a **material non-listed- Indian Subsidiary** Company;
- The Company shall not dispose of the shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such disinvestment is made under scheme of arrangement duly approved by the Court/ Tribunal.
- The Company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during the financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by Court/ Tribunal.

7. Amendments:

The Board shall have power to amend any of the provisions of the Policy, substitute any of the provisions with new provisions or replace this policy entirely with a new policy.

8. Interpretations:

Any words used in the Policy but not defined herein shall have the same meaning attributed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and regulations made there under, Listing Agreement or any other relevant legislation/ law applicable to the Company.

Date:

Place:Ahmedabad