



**PUNJAB CHEMICALS
AND CROP PROTECTION LTD.**

POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

Modified on 26.11.2015

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POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

INTRODUCTION:

The Board of Directors (“the Board”) of Punjab Chemicals and Crop Protection Limited (“the Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries under Clause 49 of the Listing Agreement with the Stock Exchanges.

This Policy is applicable to the Company effective from 1st October, 2014. The said policy is now modified by the Board of Directors vide Circular Resolution dated 26th November, 2015.

OBJECTIVE:

The objective of this Policy is to determine the “Material” Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

DEFINITIONS:

1. “**Act**” means the Companies Act, 2013.
2. “**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and the Listing Agreement.

3. **“Independent Directors”** means a Director of the Company, not being in whole time employment and who is neither a Promoter nor belongs to the Promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
4. **“Policy”** means Policy for determining “Material Subsidiaries”.
5. **“Material Subsidiaries”** mean
A subsidiary of the Company shall be termed as “material” subsidiary Company whose income (aggregate of revenue from operations and other income) or whose net-worth (as defined in clause (57) of Section 2 of the Companies Act, 2013) exceeds twenty percent (20%) of consolidated income or net-worth of the Company and all its subsidiaries as at the close of the preceding financial year.

**MANDATORY REQUIREMENTS REGARDING
“MATERIAL” SUBSIDIARIES:**

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 otherwise or lease a Material Subsidiary in excess of twenty percent of its aggregate assets during a financial year

unless in cases where the divestment / sale / disposal otherwise/ leasing is made under a scheme of arrangement duly approved by a Court / Tribunal.

MANDATORY REQUIREMENTS REGARDING UNLISTED MATERIAL SUBSIDIARIES

- (i) At least one Independent Director of the holding company shall be a Director on the Board of the unlisted “material” subsidiary incorporated in India.
- (ii) The Audit Committee of holding company shall also review the financial statements, in particular, investments made by the unlisted subsidiary.
- (iii) Minutes of the Meetings of the Board of Directors of the unlisted subsidiary shall be placed at the Board meeting of the listed company.
- (iv) All significant transactions and arrangements entered into by the unlisted subsidiary company shall be brought to the attention of the Board of Directors of the holding company by the Management of the unlisted subsidiary periodically.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues 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.

SCOPE LIMITATION:

In the event of any conflict between the provisions of this Policy and of the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISSEMINATION OF POLICY:

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company (www.punjabchemicals.com) and a web link thereto shall be provided in the Annual Report of the Company.

AMENDMENT:

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

INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company.

Shalil Shroff

Managing Director