



USHANTI COLOUR CHEM LIMITED

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POLICY ON DETERMINING MATERIAL SUBSIDIARY



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1. INTRODUCTION

The Board of Directors (the “**Board**”) of Ushanti Colour Chem Limited (the “**Company**”), has adopted this policy for determining Material Subsidiaries in terms of Regulation 16(1)(c) read with Regulation 24 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended time to time.

As per Regulation 46(2)(h) of the SEBI Listing Regulations, the Company is required to publish this policy on its website.

2. POLICY OBJECTIVES

The objective of this Policy is to set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”), covering the following:

- i) meaning of “Material Subsidiary”;
- ii) requirement of Independent Director in certain unlisted Material Subsidiaries;
- iii) restriction on disposal of shares of a Material Subsidiary;
- iv) restriction on transfer of assets of a Material Subsidiary;
- v) secretarial audit by Material unlisted Subsidiaries incorporated in India; and
- vi) disclosure requirements as prescribed under the SEBI LODR Regulations

3. DEFINITIONS

In this Policy, unless the context otherwise requires:

(a) “**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars, notification, orders to remove difficulties or re-enactment thereof time to time.

(b) “**Audit Committee or Committee**” means the Committee of Board constituted by the Board of Directors of the Company under the provisions of SEBI Listing Regulations and Act from time to time.

(c) “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

(d) “**Company**” means Ushanti Colour Chem Limited

(e) “**Control**” shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(f) “**Independent Director**” shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing



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Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013.

(g) **“Material Subsidiary(ies)”** shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

(h) **“Policy”** means this Policy on material subsidiaries.

(i) **“Net Worth”** means net worth as defined in section 2(57) of the Companies Act, 2013.

(j) **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof.

(k) **“Significant transaction or arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

(l) **“Subsidiary Company(ies)”** or **“Subsidiary(ies)”** shall be as defined under section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

All words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (**“Act”**) and the Rules, Notifications and Circulars issued thereunder, as amended from time to time.

4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A Subsidiary shall be a Material Subsidiary, if any one of the following conditions are satisfied:

- a. If the turnover of the subsidiary exceeds ten per cent of its consolidated turnover of the Company and its subsidiaries in the immediately preceding accounting year; or
- b. If the net worth of the subsidiary exceeds ten per cent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year.

5. GOVERNANCE FRAMEWORK

➤ At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of an Unlisted Material Subsidiary [as defined below for the purpose of this clause] whether incorporated in India or not.

[For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of the SEBI Listing Regulations and this Policy, the term *“material subsidiary”* shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.]



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- The Company shall disclose events or information as covered under Regulation 30 of the SEBI Listing Regulations with respect to subsidiaries, which are material for it.
- The minutes of the meetings of the board of directors of the unlisted Subsidiary shall be placed at the meeting of the Board for their review and consideration
- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary.
- The Company and its unlisted Material Subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity.

6. DISPOSAL OF SHARES / ASSETS MATERIAL SUBSIDIARY

(a) The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with subsidiaries) to less than or equal to fifty percent (50%) or cease the exercise of control over the Material Subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

(b) The Company shall not sell, dispose and lease assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year unless it obtains the prior approval of shareholders by way of special resolution except where the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

(c) Where a listed subsidiary of the Company is itself a holding company of a Material Subsidiary, the provisions of this Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

7. DISCLOSURE

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

8. REVIEW OF SIGNIFICANT TRANSACTION AND ARRANGEMENTS ENTERED INTO BY UNLISTED SUBSIDIARY COMPANY

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.



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For the purpose of this sub-clause, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year, and shall be in accordance with any meaning as may be provided for “significant transaction or arrangement” under Regulation 24(4) of the SEBI LODR Regulations, from time to time.

9. REVIEW OF POLICY

The Board of Directors shall have power to review and amend the Policy from time to time. If there be any inconsistency between the terms of the Policy and the SEBI Listing Regulations, the provisions of the SEBI Listing Regulations shall prevail. Any amendments to the SEBI Listing Regulations shall mutatis mutandis be deemed to have been incorporated in this Policy.
