



RALLIS INDIA LIMITED
A TATA Enterprise

**Policy on Material Subsidiaries
(Revised as on January 17, 2019)**

This document is copyright protected in content, presentation, and intellectual origin, except where noted otherwise. You may not modify, remove, augment, add to, publish, transmit, participate in the transfer or sale of, create derivative works from, or in any way exploit any of the elements of this document, in whole or in part without prior written permission from Rallis India Limited.

Table of Contents

1. Introduction.....	3
2. Purpose	3
3. Applicability.....	3
4. Key Definitions.....	3
5. Policy on Material, Unlisted Subsidiaries.....	4
6. Disposal of Material Subsidiaries	5
7. Disclosures.....	6

1. Introduction

The Board of Directors (the “Board”) of Rallis India Limited (the “Company”) has adopted the following policy and procedures with regard to determination of material subsidiaries, in line with the requirements of Regulation 16 (1) (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 („Listing Regulations”).

The Board will review and may amend this policy from time to time.

2. Purpose

The objective of this policy is to determine the material subsidiaries of the Company and to provide governance framework for such subsidiaries.

3. Applicability

This policy, as amended, will be applicable to the Company with effect from 17th January, 2019.

4. Key Definitions

“Control” includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner; provided that a Director or Officer of a target Company shall not be considered to be in control over such target Company, merely by virtue of holding such position.

Unless specified otherwise, “Material Subsidiary” is a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted ~~material~~ subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made there under, as amended from time to time.

5. Policy on Material, Unlisted Subsidiaries

The Board of Directors of the Company shall exercise the following control in respect of the Unlisted Subsidiaries of the Company:

- (i) 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, whether incorporated in India or not.

Explanation – For the purpose of this clause, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiary in the preceding accounting year.

- (ii) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Companies of the Company.
- (iii) The minutes of the Meetings of the Board of Directors of the Unlisted Subsidiary Companies of the Company shall be placed at the Meeting of the Board of Directors the Company.
- (iv) The Management of the Unlisted Subsidiary Companies of the Company shall, on a quarterly basis, bring to the notice of the Board of Directors of

RALLIS INDIA LIMITED

the Company, a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary Companies.

- (v) The Management shall present to the Audit Committee annually, the list of the subsidiaries of the Company, together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board, including recommendation for appointment of an Independent Director in the unlisted material subsidiary, whether incorporated in India or not.
- (vi) The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by company secretary in practice.

6. Disposal of Material Subsidiaries

The Company shall not:

- a) dispose of shares in any of its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over any of its 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved; or
- b) sell, dispose or lease the assets amounting to more than twenty percent of the assets of any Material Subsidiary on an aggregate basis during a Financial Year, without the prior approval of Shareholders by way of a Special Resolution, unless 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 Code

and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

7. Disclosures

This policy for determining Material Subsidiaries shall be disclosed on the website of the Company at www.rallis.co.in and a web link thereto shall be provided in the Annual Report of the Company.