



**CHAMBAL FERTILISERS
AND CHEMICALS LIMITED**

**POLICY FOR
DETERMINING MATERIAL SUBSIDIARIES**

[This version of Policy for Determining Material Subsidiaries is applicable with effect from April 1, 2019]

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Policy for Determining Material Subsidiaries was initially approved by the Board of Directors of Chambal Fertilisers and Chemicals Limited (“Company”) with effect from October 1, 2014, and was thereafter amended with effect from December 1, 2015. This revised Policy for Determining Material Subsidiaries (“Policy”) has been approved by the Board of Directors with effect from April 1, 2019.

2. OBJECTIVE

This Policy aims to provide a framework for determining material subsidiaries of the Company and other related matters.

3. DEFINITIONS

The words and expressions used but not defined herein shall have the meanings ascribed to such terms in the Companies Act, 2013, Rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as “Relevant Laws”), as the case may be. In case any provisions of the Policy are contrary to or inconsistent with any provisions of Relevant Laws, the provisions of Relevant Laws shall prevail.

4. DETERMINATION OF MATERIAL SUBSIDIARY

- I. A subsidiary of the Company shall be considered as material subsidiary (“Material Subsidiary”) if the income or networth of such subsidiary exceeds 10% (ten per cent.) of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.
- II. Based on the latest financial statements (including consolidated financial statements) of the Company, the Chief Financial Officer of the Company shall identify on annual basis as well as upon any change in the holding of the Company in any of the existing subsidiaries or acquisition of a new subsidiary, whether any of the subsidiaries of the Company will be considered as Material Subsidiary as per the criteria given in this Clause 4.
- III. The name of each Material Subsidiary identified in the manner mentioned above, if any, shall be reported to the Audit Committee and the Board of Directors of the Company alongwith the annual audited financial statements. Further, in case of any change in the status of a subsidiary during the year, the same should be reported to the Audit Committee and the Board of Directors in their meetings to be held following such change.
- IV. The Company shall comply with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of each of its Material Subsidiary, if any, identified in the manner mentioned above.

5. UNLISTED MATERIAL SUBSIDIARY

In pursuance of Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 of the Company, whether incorporated in India or not, if any. For this purpose, notwithstanding anything to the contrary contained in Clause 4 above, “unlisted material subsidiary” shall mean an unlisted subsidiary of the Company, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

6. DISCLOSURE

This Policy shall be disclosed on the Company’s website www.chambalfertilisers.com and web link thereto shall be provided in the Annual Report of the Company.

7. AMENDMENT

This Policy can be amended, modified, or revised from time to time and if there is no bar under the Listing Regulations or the Act, then the same can be abrogated by the Board of Directors of the Company.