

SUMITOMO CHEMICAL INDIA LIMITED
POLICY TO DETERMINE MATERIAL SUBSIDIARY

1. This policy is framed by the Board of Directors (Board) of Sumitomo Chemical India Limited (the Company) pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements), 2015.
2. The Board has approved this Policy on 31st August, 2019.
3. This Policy comes into force on with immediate effect.
4. The Board may modify this Policy at any time at its discretion or in accordance with the requirements of any law or regulation.
5. The term 'material subsidiary' shall mean a subsidiary of the Company as defined in sub-section 87 of section 2 of the Companies Act, 2013, 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 10% (ten percent) of the consolidated income or net worth of the Company and all its subsidiaries as at the close of the preceding financial year.
6. At least one Independent Director of the Company shall be nominated on the Board of an unlisted material subsidiary whether incorporated in India or not.

Explanation: For the purpose of this provision, the term 'material subsidiary' shall mean a subsidiary (as defined in Clause (87) of section 2 of the Companies Act, 2013) of the 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 20% (twenty percent) of the consolidated income or net worth of the Company and all its subsidiaries as at the close of the preceding financial year.

7. The Company shall not dispose of its shares in its material subsidiary resulting in the reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in



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cases where such divestment is made under a scheme of arrangement duly approved by a Court or Tribunal.

8. Sale, disposal otherwise or leasing of assets of a material subsidiary in excess of twenty percent of its aggregate assets during a financial year shall require prior approval of the members of the Company through a special resolution except where such sale, disposal otherwise or leasing is under a scheme of arrangement duly approved by a Court or Tribunal.
9. Every unlisted material Indian subsidiary of the Company shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report given by a company secretary in practice in such form as may be specified.

