

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARY:**

### **OBJECTIVE**

This Policy is framed as per the requirement of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

This Policy shall apply for determining a material subsidiary of the Company. The policy is being amended w.e.f. 1<sup>st</sup> April, 2019.

### **Definitions:**

“**Act**” means The Companies Act, 2013 including the Rules, Schedules, Clarifications and Guidelines issued by The Ministry of Corporate Affairs from time to time.

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

“**Board of Directors or Board**” means the Board of Directors of Navin Fluorine International Limited.

“**Company or NFIL**” means Navin Fluorine International Limited.

“**Policy**” means Policy for determining material subsidiary.

“**Material Subsidiary**” shall mean a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“**Significant transaction or arrangement**” means 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.

“**Subsidiary**” means subsidiary of the company as defined under the Act.

### **POLICY AND PROCEDURE:**

1. The Audit Committee of the Board shall review the financial statements, in particular, the investments made by the un-listed subsidiary company.
2. Minutes of the Board Meetings of the un-listed subsidiary company shall be placed before the Board of the Company.
3. The Management of the Company 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 un-listed subsidiary company.

### **DISPOSAL OF MATERIAL SUBSIDIARY:**

1. The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the 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.
2. The Company shall not sell, dispose of or lease assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without 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.
3. Shareholders approval as aforesaid would not be required in cases where such divestment of shares or sale/disposal/lease of assets 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.

### **APPOINTMENT OF INDEPENDENT DIRECTOR:**

At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the unlisted Material Subsidiary, whether incorporated in India or not. For this purposes, notwithstanding anything to the contrary contained in Policy, the term “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

### **DISCLOSURES:**

The Policy shall be disclosed on the Company’s website and a weblink thereto shall be provided in the annual report.

### **AMENDMENTS TO THE POLICY:**

The Board of Directors of the Company shall review and may amend this policy from time to time.

Any or all provisions of this policy would be subject to the revision/amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.