

KemISTAR CORPORATION Limited
L24233GJ1994PLC022845
POLICY FOR DETERMINING MATERIAL SUBSIDIARY

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[In Accordance with Clause 49 (V) of the Equity Listing Agreement as well as SEBI (Listing and Obligation Disclosure Requirements) Regulation, 2015]

1.OBJECTIVE & EFFECTIVE DATE OF THE POLICY

The said policy was prepared in accordance with Clause 49(V)(D) of the Listing Agreement (including any amendments thereof) to ensure governance of the Company's material subsidiary companies.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), effective from December 01, 2015 mandate listed entities to formulate a Policy for determining Material Subsidiaries. It is in this context that the Policy for determining Material Subsidiaries ("Policy") is being framed and implemented by the Company. With the formation of this Policy, earlier Policy for determining Material Subsidiaries shall stand cancelled.

The Board of Directors (the "Board") of the Company has adopted the following policy with regard to the determination of its Material Subsidiaries in Compliance with Listing Regulations.

2. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY / MATERIAL

NON-LISTED INDIAN SUBSIDIARY

A subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds 20% (twenty percent) of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% (twenty percent) of the consolidated income of the Company during the previous financial year. ("Material Subsidiary").

A "material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Listed Holding Company and its subsidiaries in the immediately preceding accounting year.

Compliance:

1. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company;
2. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company;
3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
4. The Company shall comply with such other requirement in relation to unlisted material subsidiary as may be mandated under the Act and/ or Listing Regulations, from time to time.
5. The policy shall be disclosed on the website of the Company and shall be provided in the Annual Report of the Company.

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3. DISPOSAL OF MATERIAL SUBSIDIARY / ASSETS OF MATERIAL SUBSIDIARY

The Company shall not dispose of shares in its material subsidiary which would reduce the Company's 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 the General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

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.

4. REVIEW OF SIGNIFICANT TRANSACTION AND ARRANGEMENTS

ENTERED INTO BY UNLISTED SUBSIDIARY COMPANY

The management should 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.

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% 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.

5. AMENDMENTS

The Board shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new Policy.