



SHREE RENUKA SUGARS LIMITED

Policy on Determining Material Subsidiaries

Policy on determining Material Subsidiaries

1. SCOPE AND PURPOSE

The Policy for determining ‘material’ subsidiary companies has been originally framed in accordance with the provisions of Clause 49(V)(D) of the Listing Agreement, as amended and effective from October 01, 2014. Subsequently, SEBI replaced the listing agreement with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Policy will be used to determine the Material Subsidiaries of Shree Renuka Sugars Limited (“the Company”) and to provide the governance framework for such subsidiaries. The Policy has been adopted by the Board of Directors of the Company. In view of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from 1st April, 2019, the policy has been amended by the Board of Directors and the revised policy shall be effective from 1st April, 2019. The Board of Directors would review and amend the Policy / procedures, as and when required.

2. OBJECTIVE

The objective of this Policy is to determine:

- a) Meaning of Material Subsidiary;
- b) Requirement of Independent Director in certain Material Unlisted Indian Subsidiaries;
- c) Restriction on disposal of shares of Material Subsidiary by the Company;
- d) Restriction on transfer of assets of Material Subsidiary; and
- e) Disclosure requirements, based on SEBI Listing Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

3.1 Subsidiary

shall mean as defined under the Companies Act, 2013 Act and the Rules made thereunder.

3.2 Material subsidiary

a subsidiary shall be a Material Subsidiary, if its income or net worth exceeds 10% (ten) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

3.3 Material Non Listed Indian Subsidiary

a Subsidiary which is incorporated in India and is not listed on the Stock Exchanges, and which meets the criteria of materiality as defined in Clause 3.2 above.

3.4 Control

shall include 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.

3.5 Independent Director

means a director of the Company, not being a managing director or whole time director or a nominee director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria as laid down under the Companies Act, 2013 and SEBI Listing Regulations.

3.6 Significant Transaction or Arrangement

shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

3.7 SEBI Listing Regulations

means Security and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including modifications, amendments, Circulars, clarifications thereto.

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Companies Act, 2013 and the rules and regulations made thereunder, and applicable laws, to the extent relevant in connection with this Policy, as the case may be or in any amendment thereto.

4. GOVERNANCE FRAMEWORK

4.1 At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in clause 3.2 above, 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 subsidiaries in the immediately preceding accounting year.

4.2 A listed entity shall not dispose of shares in its material subsidiary resulting in 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 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.

4.3 Selling, disposing and leasing of assets amounting to more than 20% (twenty) of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of 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.

4.4 The material unlisted subsidiaries of the Company incorporated in India 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 with effect from the year ended March 31, 2019.

5. DISSEMINATION OF POLICY

As prescribed by SEBI Listing Regulations, this Policy shall be disclosed in the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

6. REVIEW OF THE POLICY

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Audit Committee. Any changes or modification on the policy as recommended by the said Committee would be given for approval of the Board of Directors of the Company.

In the event of any conflict between the provisions of this Policy and SEBI Listing Regulations/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.