



**DMCC SPECIALITY CHEMICALS LIMITED**  
(Formerly known as "The Dharamsi Morarji Chemical Company Limited")

## **Policy for Determining Material Subsidiaries**

## **Introduction:**

Securities and Exchange Board of India (SEBI) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') on 2<sup>nd</sup> September, 2015 vide Notification No. SEBI/ LAD-NRO/ GN/ 2015-16/013 read with Circular No. CIR/ CFO/ CMD/ 4/2015 dated 9th September 2015.

## **Requirement**

Regulation 16 of the Listing Regulations requires the listed companies to frame a Policy on determining the material subsidiaries, duly approved by its Board of Directors.

The Board of Directors of <sup>1</sup>DMCC Speciality Chemicals Limited (Formerly known as "The Dharamsi Morarji Chemical Company Limited") ('the Company') has accordingly approved this, Policy.

## **Objective**

The objective of this Policy is to determine the material subsidiary as defined under the Listing Regulations, as amended and to comply with the requirements pertaining to the material subsidiaries and requisite disclosures thereto.

## **Definitions**

### **A. Material Subsidiary**

The Term 'Material subsidiary' has been defined under Regulation 16 (1)(c) of the Listing Regulations so as to mean a subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

For the purpose of applicability of corporate governance requirements under the Regulation 24 of the Listing Regulations, the material subsidiary shall mean the following: -

- a) Unlisted material subsidiary whether incorporated in India or not;
- b) 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

<sup>2</sup>DMCC Europe GmbH (Formerly known as Borax Morarji (Europe) GmbH). Presently, the said subsidiary does not satisfy the criteria of materiality, hence it is not a material subsidiary.

Presently, the Company does not have any subsidiary other than the one referred above.

### **B. Independent Director**

The definition of Independent Director would be the same as defined under the Companies Act, 2013 and the Listing Regulations which may be amended from time to time.

### Compliances with respect to material subsidiaries

In the event the Company's wholly owned subsidiary attains the status of material subsidiary, as defined in the foregoing para including the amendment made thereto, following compliances would be required to be ensured: -

<b>Regulation</b>	<b>Requirement</b>
24 (1)	At least one Independent Director of the Company shall be a Director on the Board of Directors of unlisted material subsidiary (Definition of material subsidiary as given in the 2nd para of the 'Material Subsidiary' above)
24 (2)	The Audit Committee of the Company shall also review the financial statements, particularly, the investments made by the unlisted subsidiary.
24 (3)	The Minutes of the meetings of the Board of Directors of unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company
24 (4)	Statement of significant transactions and arrangements of the unlisted subsidiary shall be brought to the attention of the Board of Directors of the Company. (*Significant transactions, shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities of the unlisted subsidiary for the immediately preceding accounting year.)
24 (5)	The Company shall not dispose of the shares in the material subsidiary resulting in the shareholding falling below 50% or cease the control over the subsidiary only after seeking the approval of the shareholders by way of passing a special resolution.  (Exceptions: Such divestment is made under a scheme of arrangement duly approved by the Court / NCLT or under a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code and such event is disclosed to the Stock Exchange within one day of the resolution plan being approved.)
24 (6)	Selling, disposing and leasing of assets amounting to more than 20 % of the assets of the material subsidiary on an aggregate basis during the financial year shall require prior approval of the shareholders by way of a special resolution, unless such sale / disposal /lease is made under a scheme of arrangement duly approved by the Court / NCLT or under a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code and such event is disclosed to the Stock Exchange within one day of the resolution plan being approved.
24A	Secretarial Audit and the Annual Secretarial Compliance would be required for the material unlisted subsidiary incorporated in India and the Secretarial Audit Report of such subsidiary shall be required to be annexed with the Annual Report of the Company.

## Disclosure Requirement

This Policy shall be hosted on the Company's website viz., [www.dmcc.com](http://www.dmcc.com) and the web link shall be provided in the Annual Report.

## Amendments to the Policy

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 clarification(s), circular(s) etc.

## Footnotes

1. w.e.f. October 12, 2022, the name of the Company is changed from The Dharamsi Morarji Chemical Company Limited to **DMCC Speciality Chemicals Limited**. Hence the same is incorporated into the policy.
2. w.e.f. December 05, 2022, the name of the Subsidiary Company is changed from Borax Morarji (Europe) GmbH to **DMCC Europe GmbH**. Hence the same is incorporated into the policy.