

# **INDAG RUBBER LIMITED**

**(CIN-L74899DL1978PLC009038)**

## **Policy for Determining 'Material' Subsidiaries**

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### **1. Purpose and Scope:**

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of Regulation 16(c) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

The policy will be used to determine the material subsidiaries of the company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

### **2. Identification of 'Material' subsidiary:**

A subsidiary shall be considered as material if –

- a) the investment of the Company, whether current or prospective, in the subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or,
- b) if the subsidiary has generated 20 per cent of the consolidated income of the company during the previous financial year.

“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.

### **3. Governance framework:**

- I. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- II. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

- III. The management 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 unlisted subsidiary company.
- IV. One Independent Director of the Company shall be a director on the Board of the material non listed Indian subsidiary company.
- V. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

#### **4. Disposal of Material Subsidiary:**

The Company shall not-

- a) 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
- b) sell, dispose and lease of assets amounting to more than twenty percent 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

#### **5. Disclosure**

This policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

#### **6. Policy Review:**

This policy is subject to review as may be deemed necessary and in accordance with any regulatory amendments.