

INDAG RUBBER LIMITED

(CIN-L74899DL1978PLC009038)

Policy for Determining 'Material' Subsidiaries

(Revised on April 20, 2019)

Policy for determining 'Material' subsidiaries

1. Purpose and Scope:

The Policy for determining 'material' subsidiary companies was approved by the Board of Directors of the Company on February 10, 2016. Pursuant to amendment in SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, the policy has been amended, which inter alia lays down the criteria for determining "material" subsidiaries of the company and 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 as amended 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. Objective of the Policy

The Objective of this policy is to determine:

- i. Material Subsidiary
- ii. Reporting and governance requirement for Subsidiary Companies
- iii. Requirement of Independent Director in certain unlisted Material Subsidiary
- iv. Restriction on disposal of shares in Material Subsidiary by the Company
- v. Restriction on selling, disposing and leasing of assets of Material Subsidiary by the Company and/or
- vi. Other disclosure requirements, as required under Listing Regulations and other applicable laws to the Company.

3. Identification of 'Material' subsidiary:

"Material subsidiary" under regulation 16 (1) (c) of SEBI Listing Regulations shall 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.

4. 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 of unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

“Significant transactions or arrangements” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

IV. At least one Independent Director on the Board of the Company shall be a director on the Board of an unlisted material subsidiary, whether incorporated in India or not.

For the purpose of appointment of Independent Director on Board of material subsidiary, the term “Material Subsidiary” shall mean a subsidiary whose income or net worth exceeds 20% of consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.

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.

VI. The Company 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.

VII. The Company shall not 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.

VIII. If the listed subsidiary is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

IX. The Company and its material unlisted subsidiary incorporated in India shall undertake Secretarial Audit and shall annex with its Annual Report, a Secretarial Audit Report given by the Company Secretary in Practice.

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.