

**POLICY FOR
DETERMINING “MATERIAL”
SUBSIDIARIES**

INDO RAMA
Synthetics (India) Limited

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Haryana, India

INDO RAMA SYNTHETICS (INDIA) LIMITED**Policy for Determining “Material” Subsidiaries**

(Pursuant to Clause 49(V) (D) of the Listing Agreement)

I) PURPOSE

The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof, as required under revised Clause 49(V) (D) of the Listing Agreement (Including any amendments thereof).

II) OBJECTIVE

The Objective of this Policy is to determine-

- Meaning of “Material” Subsidiary;
- Requirement of Independent Director in certain Material Non-Listed Indian Subsidiaries;
- Restriction on disposal of Shares of a Material Subsidiary by the Company;
- Restriction on Transfer of Assets of a Material Subsidiary by the Company; and
- Disclosure requirements, based on revised Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

III) DEFINITIONS

“Company” means Indo Rama Synthetics (India) Limited.

“Audit Committee” means Committee of Board of Directors of the Company constituted under the provisions of Section 177 of the Companies Act, 2013 and the Listing Agreement.

“Independent Director” means a Director of the Company, not being in whole time employment and who is neither a Promoter nor belongs to the Promoter Group of the Company and who satisfies the criteria for independence as prescribed under the provisions of Section 149 of the Companies Act, 2013 and the Listing Agreement.

“Holding Company” in relation to one or more other Companies, means a Company of which such Companies are Subsidiary Companies.

“Subsidiary Company or Subsidiary” in relation to any other Company (that is to say the Holding Company), means a Company in which the Holding Company-

- (i) Controls¹ the composition of the Board of Directors; or

¹The term "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 [Companies (Specifications of definitions details) Rules 2014]

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- (ii) Exercises or controls more than one half of the total share capital either at its own or together with one or more of its subsidiary Companies;

Explanation: For the purpose of this definition-

- A Company shall be deemed to be a subsidiary Company of the holding Company even if the control referred to in clause (i) or (ii) above is of another subsidiary Company of the holding Company;
- The composition of a Company's Board of Directors shall be deemed to be controlled by another Company if that other Company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors;
- The expression "Company" includes any Body Corporate;
- "Layer" in relation to a Holding Company means its Subsidiary or Subsidiaries.

"Material Subsidiary" means a subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the Audited Balance Sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

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“Material Non-Listed Indian Subsidiary” means an unlisted subsidiary, incorporated in India, whose income or net worth (i.e., paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

“Significant Transaction or Arrangement” means 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.

IV) INDEPENDENT DIRECTOR ON THE BOARD OF A MATERIAL NON-LISTED INDIAN SUBSIDIARY

- At least one Independent Director on the Board of the Company shall be a Director on the Board of a Material Non-Listed Indian Subsidiary.
- The Company may also appoint Independent Director(s) on the Board of an overseas Subsidiary Company, as they may deem necessary.

V) SIGNIFICANT TRANSACTIONS / ARRANGEMENTS OF A NON-LISTED MATERIAL SUBSIDIARY

The Minutes of the Board Meetings of the Un-listed Subsidiary Company shall be placed at the Board Meeting of the Listing Holding Company. The Management should periodically bring to the attention of the Board of the Company, a Statement of all Significant Transactions and Arrangements entered into by any Unlisted Material Subsidiary Company.

VI) RESTRICTIONS ON DISPOSAL OF SHARES OF A MATERIAL SUBSIDIARY

The Company shall not dispose of shares in its Material Subsidiary, which would reduce its 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 its General Meeting, except in cases where such divestment is under a Scheme of Arrangement, duly approved by a Court / Tribunal.

VII) RESTRICTION ON TRANSFER OF ASSETS OF A MATERIAL SUBSIDIARY

Selling, disposing and leasing of Assets, amounting to more than 20% of the Assets of a 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) COMPLIANCE BY STEP DOWN SUBSIDIARIES

Where a Company has a listed subsidiary which is itself a holding Company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

IX) DISCLOSURES

As prescribed under the revised Clause 49(V)(D) of the Listing Agreement, this Policy shall be disclosed in the Company's Website and a web link thereto shall be provided in the Annual Report.

X) REVIEW / AMENDMENT

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