



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

[Pursuant to Regulation 16 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]



Policy Version Control:

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1	1.0	-	-	Board	07/02/2023
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[Pursuant to Regulation 16 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Introduction:

The Policy is framed as per the requirements of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

The Board of Directors (“Board”) of IOL Chemicals and Pharmaceuticals Limited (“IOL”) in its meeting held on 7th February 2023 has adopted this policy and procedures thereto with regard to determination of Material Subsidiaries.

Objective:

The purpose of this Policy is to lay down the criteria for identification and dealing with the Material Subsidiaries and to provide governance framework for subsidiaries of IOL.

Definitions

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 (“Act”) and Regulation 18 of the Listing Regulations.

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Regulations.

“**Material Subsidiary**” 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.

“**Material Unlisted Indian Subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“**Significant transaction or arrangement**” shall mean 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 unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall be as defined under the Act and the rules made thereunder.

“Unlisted Subsidiary” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

Policy and procedure:

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
2. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
3. The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
4. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), 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.
5. 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 made under a scheme of arrangement duly approved by 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.
6. Selling, disposing and leasing 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 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.
7. The material unlisted subsidiary of IOL incorporated in India shall undertake Secretarial Audit and shall annex Secretarial Audit Report, given by a Company Secretary in Practice, in such form, as may be specified, with Annual Report of IOL.



Review of the Policy

The Board may review this policy from time to time and amend it as may be deemed necessary by it.

Scope and limitation

In the event of any conflict between the provisions of this Policy and the Listing Regulations or the Act or any other relevant legislation/ regulation applicable to the Company, the provisions of the Listing Regulations or the Act or such other relevant law / regulation shall prevail over this Policy.

Disclosures

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report as per the provisions of laws in force.