

IRCON INTERNATIONAL LIMITED

POLICY ON MATERIAL SUBSIDIARY*

1. INTRODUCTION

This Policy has been formulated in accordance with regulation 16(1)(c) and regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (hereinafter referred to as “**Listing Regulations**”).

2. OBJECTIVE

This Policy of Ircon International Limited (hereinafter referred to as “the Company” or “Ircon”) deals with the determination of Material Subsidiaries of Ircon to comply with the Listing Regulations.

3. DEFINITIONS

- i. “**Act**” means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
- ii. “**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.
- iii. “**Board**” means the Board of Directors of Ircon, as constituted from time to time.
- iv. “**Independent Director**” means a director of the Company, as defined in Section 2 (47) of the Act and Regulation 16 (b) of the Listing Regulations.
- v. “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- vi. “**Material subsidiary**” 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.
- vii. “**Material Non-listed Indian Subsidiary**” shall mean 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 Company and its subsidiaries in the immediately preceding accounting year.
- viii. “**Subsidiary Company**” shall mean a company defined as a subsidiary company under the provisions of the Act.
- ix. “**Unlisted Subsidiary**” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

Any other word(s) used in this policy but not defined herein shall have the same meaning as defined in the Act including any statutory modification or re-enactment thereof or Rules made there-under, Listing Regulations and the rules and regulations made there – under or any other relevant legislation / law applicable to the Company.

4. POLICY- CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary will be deemed as a Material Subsidiary whose income or net worth (i.e. paid-up share capital and free reserves) exceeds twenty percent of the consolidated income or net worth respectively, of Ircon and its subsidiaries in the immediately preceding accounting year.

5. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARIES OF THE COMPANY

1. At least one Independent Director on the Board of Ircon shall be a director on the Board of the Material Non-Listed Indian Subsidiary.
2. The Audit Committee shall also review the financial statements and the investments made by the Unlisted Subsidiary Company along with the financial statements.
3. The minutes of the Board meetings of the Unlisted Subsidiary Company shall be placed at the Board meeting of the Company at regular intervals.
4. A statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company shall be brought to the attention of the Board of Ircon on periodic basis.

Explanation- “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 material unlisted subsidiary for the immediately preceding accounting year.

5. Ircon 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 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.
6. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of Ircon’s 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.

6. DISCLOSURE

Copy of this policy shall be placed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

7. AMENDMENT

The Board of Directors may review or amend this policy, in whole or in part, from time to time as per the requirement of the Act or any other statute.

8. GENERAL

Notwithstanding anything contained in this policy, the Company shall ensure compliance with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to the Company, from time to time.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/ modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
