

THE INDIAN CARD CLOTHING COMPANY LIMITED

(CIN : L29261PN1955PLC009579)

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. LEGAL FRAMEWORK

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) imposed certain obligations and disclosure requirements on all listed entities, one of the common obligations for all listed entities pursuant to Regulation 16 (1) (c) being to formulate and put in place a policy for determining material subsidiaries.

The Board of Directors (The “Board”) of The Indian Card Clothing Company Limited (the “Company”) has adopted the following policy for determining material subsidiaries of the Company.

The Board may review and amend this policy from time to time. This Policy will be applicable to the Company with effect from December 1, 2015 in terms of Regulation 16 (1) (c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

2. DEFINITIONS

- a) **“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 LODR.
- b) **“Board of Directors or Board”** shall mean the Board of Directors of The Indian Card Clothing Company Limited, as constituted from time to time.
- c) **“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 Companies Act, 2013 and the LODR.
- d) **“Subsidiary”** means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013;
- e) **“Net worth”** means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
- f) **“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.

- g) **“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

3. POLICY AND PROCEDURES

- a) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.
- b) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- c) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
- d) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- e) A listed entity 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.
- f) 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.

4. DISCLOSURES

This policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

5. AMENDMENTS

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace this policy entirely with a new policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.