

INDUSTRIAL AND PRUDENTIAL INVESTMENT COMPANY LIMITED

CIN: L65990WB1913PLC218486

POLICY ON MATERIAL SUBSIDIARY

1. BACKGROUND

The Company had formulated a POLICY ON MATERIAL SUBSIDIARY in February 2016. With the recent changes in SEBI (Listing Obligations and Disclosure) Regulations, 2015 as amended (LODR), the Company has revised the policy which has been approved by the Board of Directors at its meeting held on 12th August, 2022. This policy supersedes any earlier policy.

2. OBJECTIVE

The objective of this policy is to comply with Regulation 16(c) of Chapter V of LODR.

As per the said regulation “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.

Further as per the said regulation the listed entity shall formulate a policy for determining ‘material’ subsidiary.

The subsidiary shall be defined as per the Companies Act, 2013

3. DEFINITIONS

- a. "**Act**" means the Companies Act, 2013 (and the Rules) and the Companies Act, 1956 to the extent applicable.

- b. **"Board"** means the Board of Directors of the Company.
- c. **"Company"** means Industrial & Prudential Investment Company Limited.
- d. **"Listing Regulations"** means the Securities Exchange Board of India {Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes other regulations, guidelines, circulars, orders and rules issued by SEBI/BSE to the listed companies .
- e. **"Policy"** means this policy, as amended from time to time.
- f. **"SEBI"** means the Securities and Exchange Board of India.
- g. **"Rules"** means the rules made under the Companies Act, 2013.
- h. **"Stock Exchange(s)"** means BSE Limited where the equity shares of the Company are listed.

4. **POLICY**

- a. A subsidiary shall be a Material Subsidiary, if conditions laid down in Regulation 16(c) are applicable to the existing subsidiary.
- b. One Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Indian Subsidiary Company.
- c. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
- d. The minutes of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- e. The Management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary Company

5. DISOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

- A. dispose of the 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 divestment is made under a scheme or arrangement duly approved by a Court/Tribunal.
- B. sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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. Policy Review

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 the 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.

7. SCOPE AND LIMITATIONS

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments or rules, the provisions of Listing Regulations/Act or statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

8. PRESENT SITUATION

At present the Company has one non - material unlisted wholly owned subsidiary. It is registered NBFC with the Reserve Bank of India. Currently members have approved merger of the subsidiary with Company subject to approval of NCLT. This policy will be applicable if in future the Company acquires material subsidiary.