



POLICY FOR DETERMINING MATERIAL SUBSIDIARY

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1. BACKGROUND

Under Regulation 16(1)(c) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), the Company is required to formulate a Policy for determining “Material Subsidiaries”. The objective of this Policy is to determine the Material Subsidiaries of the Company in compliance with the aforesaid regulatory requirements.

2. SCOPE OF THE POLICY

The Policy for determining a ‘material’ subsidiary company has been framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as may be amended from time to time.

All the words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (‘the Act’) and the Rules, Notifications and Circulars made / issued thereunder, as amended, from time to time.

3. DEFINITIONS

“Accounting Year” means the financial year of the Company as prevailing from time to time. The financial year of the Company presently commences from 1st April every year and concludes on 31st March of the immediately succeeding year.

“Act” means the Companies act, 2013 including the rules, schedules, clarifications and guidelines issued by the ministry of corporate affairs from time to time.

“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 Chapter IV of the Listing Regulations.

“Board” refers to the Board of Directors of Indigo Paints Limited.

“Company” means “Indigo Paints limited”

“Independent Director” means an Independent Director as defined under section 2(47) of the act read with listing regulations and as may be amended from time to time.



“Material Subsidiary” shall have the meaning as defined in regulation 16(1)(c) of the Regulations, as per which, it means a subsidiary, whose turnover or net worth exceeds 10 (Ten) percent of the consolidated turnover or net worth respectively or such other limit prescribed/ amended from time to time, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Subsidiary” shall be as defined under section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

“Turnover” means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.

4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary, whether listed or unlisted, shall be considered as material, if its turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of the Company and its subsidiary(ies) in the immediately preceding accounting year as stipulated under Regulation 16(1)(c) of the Listing Regulations on the date of the adoption of this Policy (hereinafter referred as “Material Subsidiary”). The criteria mentioned herein defining Material Subsidiary will automatically get amended with the corresponding amendment in the relevant Regulation of the Listing Regulations.

5. CORPORATE GOVERNANCE OF MATERIAL SUBSIDIARIES

1. The Company shall appoint at least one of its Independent Directors on the Board of Directors of an unlisted Material Subsidiary, whether incorporated in India or not. Explanation: For the purpose of the above, the term “unlisted material subsidiary” shall mean an unlisted subsidiary, whose turnover or net worth exceeds twenty percent (20%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
2. The Company and its unlisted material subsidiary incorporated in India shall undertake secretarial audit. The Company shall along with its secretarial audit report annex the secretarial audit report of the unlisted material subsidiary, given by Company Secretary in Practice, in such form as specified, in its annual report.
3. The Company 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 or equal to fifty percent (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 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.



4. The Company shall not sell, dispose and lease assets amounting to more than 20 % (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.

6. REVIEW

The Management of the Company shall monitor and ensure that as and when any of the subsidiary is determined as a Material Subsidiary the same shall be intimated to the Audit Committee. The Audit Committee shall review the same and make suitable recommendations to the Board to ensure compliance with the Listing Regulations in this regard.

7. DISCLOSURE

This Policy will be hosted on the website of the Company and its web link shall be disclosed in the Report of the Corporate Governance forming part of the Annual Report of the Company.

8. AMENDMENTS

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder till the time the Policy is suitably amended.