

Policy on Material Subsidiaries of ITL Industries Limited

A. PURPOSE OF THIS POLICY:

ITL Industries Limited ("ITL" or "the Company") is governed by the rules and regulations set by the Securities and Exchange Board of India ("SEBI"). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), specify the regulatory requirements for material subsidiary companies.

In line with Regulation 16(1)(c) of the Listing Regulations, the Board of Directors ("the Board") of the Company has adopted this policy and procedures for determining 'material' subsidiary companies ("Policy").

This Policy will be used to identify material subsidiaries and material unlisted Indian subsidiaries of the Company, as well as to establish the governance framework for such subsidiaries.

Unless otherwise defined, all terms used in this Policy shall have the meanings ascribed to them under the Listing Regulations. In the absence of definitions in the Listing Regulations, the terms shall be interpreted according to the Companies Act, 2013 ("Act") and the applicable Rules, Notifications, and Circulars issued thereunder, as amended from time to time.

The Audit Committee will periodically review this Policy and may amend it as necessary.

B. DEFINITIONS:

“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.

“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” means, except where otherwise specifically provided, a subsidiary, whose turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial 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.

B. Criteria for Determining Material Subsidiaries

“Material Subsidiary” means, except where otherwise specifically provided, a subsidiary, whose turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

C. GOVERNANCE REQUIREMENTS:

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
2. The Board of listed entity shall review the minutes of meetings of the board of directors of the Unlisted Subsidiary which shall be placed at the meeting of the Board.
3. The management of the unlisted subsidiary shall periodically bring to notice of the Board a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary.
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” means, except where otherwise specifically provided, a subsidiary, whose turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial 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.

D. Disposal of Material Subsidiary

The Company shall not without prior approval of the shareholders of the Company by way of a special resolution passed in a general meeting:

1. dispose shares held by the Company in its Material Subsidiary which shall result in reduction of the Company's shareholding in the Material Subsidiary (either individually or together with its other subsidiary) to less than or equal to 50% (fifty per cent) or the Company ceasing to exercise control over the Material Subsidiary; or
2. sell, dispose or lease assets of the Material Subsidiary which amount to more than 20% (twenty per cent) of the assets of the Material Subsidiary on an aggregate basis during a financial year.

Provided, shareholders' approval by way of a special resolution as aforesaid will not be required, if such disinvestment or sale, disposal or lease of assets:

- (a) is under a scheme of arrangement formulated under the Act and duly approved by the National Company Law Tribunal; or
- (b) is pursuant to a resolution plan is formulated and approved under section 31 the Insolvency and Bankruptcy Code, 2016, and the approval of the resolution plan is notified to the concerned stock exchanged within one day of the resolution plan being approved.
- (c) If such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company, prior approval of the shareholders of the Company by way of special resolution is not required.

D. DISCLOSURES:

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website.

E. LIMITATION AND AMENDMENT:

This Policy has been amended effective February 14, 2025, in line with the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024, effective December 13, 2024. The Board may revise, replace, or update this Policy as deemed necessary, in accordance with applicable laws.