

POLICY ON MATERIAL SUBSIDIARIES

1. Introduction

The Board of Directors (The “Board”) of Intellect Design Arena Limited (“**the Company**”) incorporated under the Companies Act, 2013 or under any other act prior to or after Companies Act, 2013 has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy is in terms of Regulation 16 (c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) and will be applicable to the Company with effect from 01st December, 2015.

2. Policy Objective

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

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

4. Definitions

“Audit Committee or Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time under the provisions of LODR, RBI Regulations and/or the Companies Act, 2013.

Board of Directors or Board means the Board of Directors of the Company, as constituted from time to time.

Independent Director means a Director of the Company, not being a whole time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Schedule IV of the Companies Act, 2013 and the SEBI’s LODR, 2015 entered into with the stock exchanges.

Policy means Policy on Material Subsidiary.

Material Non Listed Indian Subsidiary shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges whose income or networth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting 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 material subsidiary for the immediately preceding accounting year.

Subsidiary shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

5. **Policy**

- i. A subsidiary shall be a Material 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.
- ii. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the Material Non-Listed Indian Subsidiary Company.
- iii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- iv. The minutes of the meetings of the Board of Directors of the Unlisted Subsidiary Companies shall be placed at the meeting of the Board of Directors of the Company.
- v. The Management of the unlisted subsidiaries shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary.

6. **Disposal of Material Subsidiary**

The Company shall not :

- i. dispose of the 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 divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- ii. 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.

7. **Policy Review**

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.