

**IRIS BUSINESS SERVICES LIMITED**  
**POLICY ON MATERIAL SUBSIDIARIES**

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**1. OBJECTIVE:**

The Policy on Material Subsidiaries (“Policy”) is framed in accordance with the requirements of the Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) for determining the Material Subsidiaries and Material Non-listed Indian Subsidiary of IRIS Business Services Limited (“Company”) in case in future the Company forms or acquires a subsidiary as defined in the Companies Act 2013. This Policy was revised by the Board of Directors of the Company at its meeting held on 23<sup>rd</sup> February, 2019 pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

**2. DEFINITIONS**

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

“**Audit Committee**” means the committee constituted by the Board in accordance with section 177 of the Act.

“**Board**” means the Board of Directors of the Company.

“**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 Regulations.

“**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.

“**Material Non-listed Indian Subsidiary**” shall mean an unlisted Subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the 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 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.

The words and expressions used herein and not defined shall have their meanings as defined under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 as may be applicable.

### **3. POLICY AND PROCEDURE**

1. At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the term “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.

2. The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary of the Company.
3. The minutes of the Board meetings of the Unlisted Subsidiary Company shall be placed at the Board meeting of the Company at regular intervals.
4. The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
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.

#### **4. DISPOSAL OF MATERIAL SUBSIDIARY**

The following disposals shall not be permitted:

1. The Company reducing its shareholding (either on its own or together with other subsidiaries) to less than fifty per cent or ceasing exercise of control over the subsidiary; or
2. 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,

without passing a special resolution in the Company's General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal under the Companies Act, 2013 or the Companies Act, 1956, or rules made there under 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.

#### **5. DISCLOSURES**

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

#### **6. POLICY REVIEW**

The Audit Committee will review the Policy periodically and may amend the same from time to time, as may be deemed necessary. Any changes or modification on the Policy as recommended by the Committee would be given for approval of the Board.

In the event of any conflict between the provisions of this Policy and of the Act or Regulations or any other statutory enactments, rules, the provisions of such Act or Regulations or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment / modification in the Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.