



**Kiri Industries Limited**

*Future Full of Colours.....*

CIN-L24231GJ1998PLC034094

## **Policy for Determining Material Subsidiary**

**[In Accordance with Clause 49 (V) of the Equity Listing Agreement as well as SEBI (Listing and Obligation Disclosure Requirements) Regulation, 2015]**

**[Effective from October 01, 2014 and amended w.e.f. December 01, 2015]**

## 1. TITLE

This Policy shall be called "Policy for Determining Material Subsidiaries" ("Policy").

## 2. OBJECTIVE & EFFECTIVE DATE OF THE POLICY

The Board of Directors (the "Board") of Kiri Industries Limited (the "Company") had adopted the policy and procedures with regard to determination of Material Subsidiaries effective from October 01, 2014.

The said policy was prepared in accordance with Clause 49(V)(D) of the Listing Agreement (including any amendments thereof) to ensure governance of the Company's material subsidiary companies.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), effective from December 01, 2015 mandate listed entities to formulate a Policy for determining Material Subsidiaries. It is in this context that the Policy for determining Material Subsidiaries ("Policy") is being framed and implemented by the Company. With the formation of this Policy, earlier Policy for determining Material Subsidiaries shall stand cancelled.

The Board of Directors (the "Board") of the Company has adopted the following policy with regard to the determination of its Material Subsidiaries in Compliance with Listing Regulations.

## 3. DEFINITIONS

**"Act"** means Companies Act, 2013 and rules made thereunder including any statutory modification or re-enactment thereof.

**"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Regulations /erstwhile Listing Agreement and the Companies Act, 2013.

**"Board of Directors" or "Board"** means the Board of Directors of the Kiri Industries Limited, as constituted from time to time.

**"Company"** means Kiri Industries Limited.

**"Control"** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

**"Holding Company"** means Holding Company as defined under Section 2(46) of the Act.

**“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 Companies Act, 2013 and Listing Regulations. .

**“Policy”** means this Policy determining Material Subsidiaries and as may be amended from time to time.

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

**“Net Worth”** means net worth as defined under section 2 (57) of the Companies Act, 2013.

All other words and expressions used but not defined in this Policy, but defined in the Listing Regulations, SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

#### **4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY / MATERIAL NON-LISTED INDIAN SUBSIDIARY**

A subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds 20% (twenty percent) of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% (twenty percent) of the consolidated income of the Company during the previous financial year. (**“Material Subsidiary”**).

A “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 20% (twenty percent) of the consolidated income or net worth respectively, of the Listed Holding Company and its subsidiaries in the immediately preceding accounting year.

#### **Compliance:**

1. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company;
2. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company;
3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

4. The Company shall comply with such other requirement in relation to unlisted material subsidiary as may be mandated under the Act and/ or Listing Regulations, from time to time.
5. The policy shall be disclosed on the website of the Company ***www.kiriindustries.com*** and a web link thereto shall be provided in the Annual Report of the Company.

#### **5. DISPOSAL OF MATERIAL SUBSIDIARY / ASSETS OF MATERIAL SUBSIDIARY**

The Company shall not dispose of shares in its material subsidiary which would reduce the Company's 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 the General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

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 unless it obtains the prior approval of shareholders by way of special resolution, except where the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

#### **6. REVIEW OF SIGNIFICANT TRANSACTION AND ARRANGEMENTS ENTERED INTO BY UNLISTED SUBSIDIARY COMPANY**

The management should 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.

For the purpose of this sub-clause, the term "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 material unlisted subsidiary for the immediately preceding accounting year.

#### **7. AMENDMENTS**

The Board shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new Policy.

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