



Kkalpana Industries (India) Limited

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Policy for Determining Material Subsidiary

1. Purpose and Scope:

The policy for determining ‘material subsidiary’ companies have been framed in accordance with the provisions of Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The policy will be used to determine the Material Subsidiary/Subsidiaries of the Company and to provide the governance framework for such subsidiary/subsidiaries.

All the words and expressions used in this policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

2. Identification of Material Subsidiary/ Subsidiaries

A subsidiary shall be considered material if its 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.

3. Governance Framework

- i. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company
- ii. The minutes of the Board Meeting of the Subsidiary shall be placed before the Board of Directors
- iii. The management shall bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangement entered into by the subsidiary
- iv. One Independent Director of the Company shall be a director on the Board of the Material Non Listed Indian Subsidiary Company

4. Disposal of Material Subsidiary

The Company shall not:

- a. Dispose off 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.
- b. Sell, dispose off and lease assets amounting to more than twenty percent of the asset 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.

5. Policy Review

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.