



**Kalpataru Limited**

## **Policy on Material Subsidiaries**

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## **I. LEGAL FRAMEWORK AND OBJECTIVE**

The Board of Directors of Kalpataru Limited (**‘Company’ / ‘KL’**) has formulated this Policy for determining “Material” subsidiary in accordance with Regulation 16(1)(c) and Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“the Listing Regulations”**) to comply with prescribed requirements applicable in respect of material subsidiaries. The Board may review and amend this policy from time-to- time.

## **II. POLICY**

1. A “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth, respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. Monitoring of investments made by the Company in its subsidiaries for the purpose of determining materiality of the subsidiary shall be done whenever such an investment is made.

### **Provisions applicable to unlisted material subsidiaries**

2. At least 1 (one) independent director on the Board of the Company shall be a director on the Board of its unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent (20%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

### **Provisions applicable to all material subsidiaries, listed as well unlisted material subsidiaries**

3. The Company, without prior approval of Shareholders by Special Resolution, shall not:
  - a. Dispose of shares in material subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent (50%); or ceases to exercise Control over a material subsidiary.
  - b. Sell, dispose and lease assets amounting to more than twenty (20%) of the assets of the material subsidiary on an aggregate basis during a financial year.

Approval of the members shall not be required for ‘a’ or ‘b’ above, if such sale, divestment, disposal or lease is under a scheme of arrangement duly approved by a Court or Tribunal or under insolvency resolution plan.

Further, approval of the shareholders shall not be required for ‘b’ if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

4. Every material subsidiary, incorporated in India, shall undertake secretarial audit and annex a Secretarial Audit Report, given by a company secretary in practice, with its Annual Report.

**Additional provisions applicable to all unlisted subsidiaries, including material subsidiaries**

5. The Audit Committee of the Company shall periodically review the Financial Statements, in particular, the investments made by the unlisted subsidiary company.
6. The minutes of Board meetings of unlisted subsidiary companies shall be placed at the Board meeting of the Company.
7. The management of the unlisted subsidiary shall periodically place before the Board of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary company.

For the purpose of this clause “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent (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.

**III. SECRETARIAL AUDIT**

Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a peer reviewed company secretary in practice.

**IV. DISCLOSURE OF THE POLICY**

This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report.

**V. REVIEW AND AMENDMENTS**

The Policy is framed pursuant to the provisions of LODR and in compliance with provisions of the Act.

In case of any changes in the provisions of Listing Regulations or any other regulations (Law) which makes any the provision of the Policy inconsistent with Law, in that case Law would prevail.

This Policy will be reviewed periodically by the Board and amended as appropriate.