

KALYANI INVESTMENT COMPANY LIMITED
POLICY ON DETERMINING MATERIAL SUBSIDIARY
(Revised w.e.f. April 1, 2019)

1. INTRODUCTION

The Board of Directors (the “Board”) of Kalyani Investment Company Limited (the “Company”) 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. While doing so, the Board shall take into consideration the recommendations, if any, of the Audit Committee.

This amended Policy shall deem to have come into effect from April 1, 2019.

2. OBJECTIVE

This Policy is framed in accordance with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory enactments/ amendments thereof from time to time) (“the Regulations”) and is intended to identify Material Subsidiaries and to establish a governance framework for such Subsidiaries.

3. DEFINITIONS

- 3.1. “**Act**” shall mean the Companies Act, 2013 and the Companies, Act 1956 (to the extent applicable and as amended from time- to- time)
- 3.2. “**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time-to-time, under provisions of the Regulations for the time being and the Companies Act, 2013 and rules framed thereunder (as amended from time-to-time).
- 3.3. “**Board of Directors**” or “**Board**” means the Board of Directors of Kalyani Investment Company Limited, as constituted or re-constituted as the case may be from time–to-time.
- 3.4. “**Independent Director**” shall have the meaning assigned to the term under the Companies Act, 2013 and the Regulations.
- 3.5. “**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 3.6. “**Policy**” means this Policy, as amended from time-to-time.
- 3.7. “**Significant Transaction or Arrangement**” means any individual transaction or arrangement that exceeds or is likely to exceed 10 per cent 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.
- 3.8. “**Subsidiary**” shall mean a subsidiary as defined under sub-section (87) of Section 2 the Act.

Any other Capitalized term used herein but not defined shall have the meaning assigned to such term under the Act, the Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

1. REQUIREMENT REGARDING SUBSIDIARY

- 1.1. At least one Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of a unlisted Material Subsidiary, whether incorporated in India or not.

For the purpose of this clause, notwithstanding anything to the contrary mentioned in the Policy, 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 Company and its subsidiaries in the immediately preceding accounting year.

- 1.2. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary.
- 1.3. The minutes of the Board meetings of the unlisted Subsidiary shall be placed at the Board meeting of the Company.
- 1.4. The CFO shall present to the Audit Committee annually a list of Material Subsidiaries. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-listed Indian Subsidiary Company.
- 1.5. The CFO shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions or Arrangements entered into by the unlisted Subsidiary.
- 1.6. The Company and its unlisted material subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such a form as may be specified.
- 1.7. The Audit Committee shall review the utilization of loans and/ or advances and/or investments made by the Company in its subsidiary/ies; which is exceeding rupees 100 crore or 10% of the asset size of the said subsidiary/ies, whichever is lower. The above limit shall include the existing loans / advances / investments made by the Company as on the date.

2. DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY

The Company shall not without passing a special resolution in its General Meeting:-

- 2.1. dispose of shares in its the 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 except in cases where such divestment 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.
- 2.2. Sale, disposal and lease, assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year 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.

3. DISCLOSURES

- 3.1. The Company shall disseminate the Policy on the Company's website under a separate section and a web link thereto shall be provided in the annual report.
- 3.2. The Company shall disseminate separate financial statements of each subsidiary of the Company in respect of a relevant financial year, at least 21 days prior to the date of the annual general meeting.

4. SCOPE AND LIMITATION

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

5. AMENDMENTS AND UPDATES

The Board shall review periodically this Policy and shall also have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Board may also establish further rules and procedures, from time-to-time, to give effect to the intent of this Policy and further the objective of good corporate governance.

For Kalyani Investment Company Limited

A.B. Kalyani
Chairman

April 1, 2019
Pune