



KAYNES TECHNOLOGY INDIA LIMITED CIN NO: L29128KA2008PLC045825	Policy for determining Material Subsidiaries
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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

INTRODUCTION

The Board of Directors (“the Board”) of KAYNES TECHNOLOGY INDIA LIMITED (“the Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy below. This policy will be applicable to all the Companies of Kaynes Group effective October 1, 2014. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also provides for materiality of related party transactions.

PURPOSE

This policy is largely framed in accordance with the requirement of revised Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) 2015 (“SEBI Listing Regulations”), including any statutory enactments/ amendments thereof intended to deal with material subsidiaries and to ensure governance framework for material subsidiaries of the Company.

DEFINITIONS

“**the Board of Directors**” or “**the Board**” means the Board of Directors of KAYNES TECHNOLOGY INDIA LIMITED as constituted from time to time.

“**the Company**” means KAYNES TECHNOLOGY INDIA LIMITED.

“**Consolidated Income**” means the total income of the Company and its subsidiaries.

“**Net worth**” shall mean the net worth as computed as mentioned under Section 2 (57) of the Companies Act, 2013;

“**Independent Director**” means an Independent director of the Company who satisfies the criteria of independence under the Companies Act, 2013 and the SEBI Listing Regulations.

“**Material subsidiary**” means the subsidiary which satisfy the criteria defined in Para 4 of this Policy.

“Material Unlisted Indian Subsidiary” shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

“Subsidiary” shall have the same meaning assigned to it under the Companies Act, 2013 and the rules framed thereunder.

CRITERIA FOR DETERMINATION OF MATERIAL SUBSIDIARY

A subsidiary shall be treated as Material Subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

GOVERNANCE OF MATERIAL SUBSIDIARIES

The following guidelines shall be applicable for all material subsidiaries of the Company.

- 1.1. At least one Independent Director of the Company shall be a director on the Board of the material un-listed subsidiary company, whether incorporated in India or not.

Explanation - For the purposes of this sub-clause, notwithstanding anything to the contrary contained in Regulation 16 of SEBI Listing Regulations, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- 1.2. The Company 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 company secretary in practice, in such form as may be specified.
- 1.3. On the recommendation of the Nomination and Remuneration Committee of the Company, the Board may appoint such number of Independent Directors in the unlisted material subsidiary, whether incorporated in India or not.
- 1.4. The Company, without the prior approval of the members by Special Resolution, shall not:
 - a. dispose the shares held in material subsidiaries which would reduce the Company’s shareholding (either on its own or together with other subsidiaries) to less than 50%; or
 - b. ceases the exercise of control over the material subsidiary; or
 - c. sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary.

DEVIATIONS / CONFLICTS

In case of conflict between two regulations viz., the Companies Act 2013 and SEBI Listing Regulations are irreconcilably inconsistent, the stricter one shall prevail.

In case of any inconsistency in the policy, the applicable rules and regulations under SEBI Listing Regulations and the Companies Act, 2013 shall prevail.

DISCLOSURES

The Policy for determining material subsidiaries is to be disclosed in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company -

AMENDMENTS AND UPDATES

The Board periodically shall review this Policy and shall also have the power to amend any of the provisions of this Policy, substitute any of the existing 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.

INTERPRETATION

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts / listing regulations / rules.

1. The Companies Act, 2013 or the rules framed thereon;
2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
3. Securities Contracts (Regulation) Act, 1956;
4. SEBI Act, 1992;
5. SEBI (Issue of Capital and Disclosure Requirements) Regulations;
6. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
7. SEBI (Prohibition of Insider Trading) Regulations, 2015.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Board and the decision of the Board in such a case shall be final. In interpreting such term / provision, the Board may seek the help of any of the officers of the Company or an outside expert as it deems fit.
