



**KEI INDUSTRIES LIMITED**

**Regd. Office: D-90, Okhla Industrial Area, Phase – 1, New Delhi – 110020**

**CIN: L74899DL1992PLC051527, Tel.: +91-11-26818840, 26818642**

**Website: [www.kei-ind.com](http://www.kei-ind.com)**

**POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES: KEI INDUSTRIES LIMITED**

**I. Preamble:**

In order to adhere to the requirement of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors of the Company has approved and adopted this policy for determining 'material' subsidiaries of the Company (KEI Industries Limited).

This Policy will be used to determine the material subsidiaries and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have the meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 ("Act") and the Rules, Notifications, and Circulars made/issued thereunder, as amended, from time to time.

**II. Definitions:**

**"Act"** means Companies Act, 2013 and the rules made thereunder (including any statutory modification/re-enactment thereof for the time being in force).

**"Audit Committee"** means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

**"Company"** means KEI 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.

**"Designated Securities"** means specified securities, non-convertible debt securities, non-convertible redeemable preference shares, perpetual debt instrument, perpetual non-cumulative preference shares, Indian depository receipts, securitised debt instruments, security receipts, units issued by mutual funds, Zero Coupon Zero Principal Instruments and any other securities as may be specified by the Board.

**"Independent Director"** means a director of the Company, not being a managing director or whole time director or a Nominee Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as prescribed under the Act and the Listing Regulations.

**POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES: KEI INDUSTRIES LIMITED**

**"Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the circulars issued thereunder and amendments thereto.

**"Listed entity"** means an entity which has listed, on a recognised stock exchange(s), the designated securities issued by it or designated securities issued under schemes managed by it, in accordance with the listing agreement entered into between the entity and the recognised stock exchange(s);

**"Material Subsidiary"** shall mean a subsidiary, whose turnover or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Provided for the purpose of appointment of Independent Director on the Board of Directors of an unlisted material subsidiary, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

**"Material Unlisted Indian Subsidiary"** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

**"Policy"** means this Policy, as amended from time to time.

**"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 unlisted subsidiary for the immediately preceding accounting year.

**"Subsidiary"** shall be as defined under the Act and the rules made thereunder.

**"Unlisted Subsidiary"** means a subsidiary whose securities are not listed on any recognized Stock Exchanges.

Any other term not defined herein shall have the same meaning ascribed to it under the Act, the Listing Regulations or any other relevant law / regulation applicable to the Company.

**III. Identification of 'Material' Subsidiary**

A subsidiary shall be considered material if, its turnover or net worth exceeds 10 per cent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

**IV. Policy and Governance framework**

- i. The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- ii. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- iii. The management of the unlisted subsidiary shall 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.

The transaction/ arrangement shall be considered significant if it exceeds or likely to exceed 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.

- iv. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not.

Only for the purposes of this provision, notwithstanding anything to the contrary contained in Clause II and III above, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- v. The Approval of shareholders of the Company by passing of a special resolution is required if the Company:

**POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES: KEI INDUSTRIES LIMITED**

(a) The Company shall not dispose of shares in its material subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 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 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.

(b) Selling, disposing and leasing of assets amounting to more than 20 percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require 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 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.

Nothing contained in this sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the company.

- vi. Every material unlisted subsidiary incorporated in India shall undertake an annual secretarial audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary, and the secretarial audit report shall be annexed with the annual report of the Company.

**Review and Amendment**

In case there are any modification(s) / amendment(s) / notification(s) / circulars(s), guidance note(s), informal guidance(s) issued by SEBI / MCA or judgements made by the Tribunal or any Court which has the effect of amendment in the Regulation(s) / Section(s) / Rule(s) made thereunder, the Chief Financial Officer and/or Company Secretary and/or Managing Director is/are authorized to make amendments in the Policy / Code as to the extent applicable. The amended Policy / Code shall be taken note by the Board of Directors / Committee in their ensuing Meeting(s).

***POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES: KEI INDUSTRIES LIMITED***

Further, all the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 governing the said clause shall apply.

**Disclosure**

As prescribed under Listing Regulations, this Policy shall be disclosed on the website of the Company viz. [www.kei-ind.com](http://www.kei-ind.com) and a web link thereto shall be provided in the Annual Report of the Company.

**Scope and Limitation**

In the event of any conflict between the provisions of this Policy and the Listing Regulations or the Act or any other relevant legislation/ regulation applicable to the Company, the provisions of the SEBI Listing Regulations or the Act or such other relevant law / regulation shall prevail over this Policy.

\*\*\*\*\*