

KEWAL KIRAN CLOTHING LIMITED

Policy for determining Material Subsidiary

1. Purpose and Scope:

1.1 The Policy for determining “material subsidiary” has been framed in accordance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof)

1.2 The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

1.3 All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them in the Securities and Exchange Board of India (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. Definition:

2.1 “Act” means the Companies Act 2013 as may be amended from time to time.

2.2 “Company” means “Kewal Kiran Clothing Limited”.

2.3 “Board of Directors” or “Board” means the Board of Directors of Kewal Kiran Clothing Limited, as constituted from time to time.

2.4 “Independent Director” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and

who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

2.5 "Subsidiary" means a subsidiary as defined under the Act and Rules made there under. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

3. Policy:

3.1 A subsidiary shall be considered as material if the income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

3.2 Material Non Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

3.3 A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

4. Requirement Regarding Material Subsidiary

4.1 The Company, without passing a special resolution in its General Meeting, shall not:-
dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or

4.1.1 dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or

4.1.2 sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

4.1.3 unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

4.2 Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and shall annex Secretarial Audit report with annual report of the listed Company.

5. Additional Requirement for Material Unlisted Subsidiary

5.1 At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed subsidiary company.

5.2 For the purposes of this requirement, “material subsidiary” shall mean a subsidiary, whose 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.”

6. Requirement Regarding Unlisted Subsidiary Company

6.1 The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.

6.2 The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.

6.3 The Management 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.

6.4 EXPLANATION The term “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.

7. Policy Review:

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

7.2 This policy shall be deemed to be amended/or modified pursuant to any amendment or modification or replacement or re-enactment of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other laws and/or Regulations as amended, modified, replaced or re-enactment from time to time by the SEBI, Govt. of India and/or any other regulating authority.