

Kabra Extrusiontechnik Limited

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POLICY ON MATERIAL SUBSIDIARIES

This Policy is framed by Kabra Extrusiontechnik Ltd. ('the Company') as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for determining Material Subsidiaries and disclosure thereof.

Definitions

1. **Holding Company** [as defined u/s. 2(46) of the Companies Act, 2013]

Holding Company in relation to one or more other companies, means a company of which such companies are subsidiary companies.

The expression "company" includes body corporate;

2. **Subsidiary Company** or Subsidiary [as defined u/s. 2(87) of the Companies Act, 2013]

Subsidiary Company or Subsidiary in relation to any other company (i.e. the Holding Company), means a company in which the Holding Company-

- i. Controls the composition of the Board of Directors;
or
- ii. Exercises or controls more than one half of the total voting power either at its own or together with one or more of its Subsidiary Companies;

Provided that such class or classes of Holding Companies as may be prescribed shall not have layers of Subsidiaries beyond such numbers as may be prescribed.

Explanation - For the purpose of this definition-

- (a) A company shall be deemed to be a Subsidiary Company of the Holding Company even if the control referred to in clause (i) or (ii) above is of another Subsidiary Company of the Holding Company;
- (b) The composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) The expression "company" includes body corporate;
- (d) "layer" in relation to a holding company means its subsidiary or subsidiaries.

3. Material Subsidiary

A subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the company during the previous financial year. This would include material listed Indian and foreign subsidiary as well material non-listed foreign subsidiary.

Provided that with effect from April 01, 2019 “material subsidiary” shall mean a 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.

4. Significant transaction or arrangement

It 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 financial year.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation and amendments thereto.

Provisions with regard to Material Subsidiary

The Company shall comply with the following as provided under the Listing Regulations:

- (i) The Management shall present to the Audit Committee annually, the list of the Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
- (ii) At least One Independent Director of the Company shall be a director on the Board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purpose of compliance with the above, 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 listed entity and its subsidiaries in the immediately preceding accounting year.

- (iii) The Audit Committee of the Board of the Company shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary.

- (iv) The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed at the meeting of the Board of the Company.
- (v) The Management of the unlisted subsidiary shall 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.
- (vi) The Company, except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the 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, without the prior approval of the members by special resolution shall not :
 - (a) Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or ceases the exercise of control over the Subsidiary; or
 - (b) Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year;
- (vii) Every Material Unlisted Subsidiary of the Company 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 with effect from the year ended March 31, 2019.

Compliance by step-down subsidiaries

Where a Company has a listed subsidiary, which is itself a holding company, this policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

Disclosures

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company (www.kolsite.com) and a web link thereto shall be provided in the Annual Report of the Company.

Policy Amendment

The Board of Directors of the Company may subject to applicable laws amend this policy. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the 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. However, the amendment in the regulatory requirements shall be binding on the Company and prevail over this Policy even if not incorporated in this Policy.