

KDDL- POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

[Pursuant to Clause 49(V)(D) of the Listing Agreement]

1. PURPOSE

1.1 The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof, as required under revised Clause 49 (V) (D) of the Listing Agreement (including any amendments thereof).

2. OBJECTIVE

2.1 The objective of this Policy is to determine -

- meaning of 'Material' Subsidiary.
- Requirement of Independent Director in certain Material Non Listed Indian Subsidiaries
- Restriction on disposal of Shares of a Material Subsidiary by the Company
- Restriction on transfer of Assets of a Material Subsidiary and
- Disclosure requirements, based on revised Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

"Board of Directors" or **"Board"** means the Board of Directors of KDDL Limited, as constituted from time to time.

"Company" means KDDL 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.

"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.

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

"Subsidiary" shall mean a subsidiary as defined under the Act and Rules made thereunder.

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

"Significant transaction or agreement" is an individual transaction or arrangement that exceeds or is likely to exceed ten percent (10%) of the total revenues or total expenses or total assets or total

liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year

4. POLICY

A subsidiary shall be considered as Material if-

- the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

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

- net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

5. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

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

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

6. REQUIREMENT REGARDING MATERIAL NON-LISTED INDIAN SUBSIDIARY

- At least one Independent Director on the Board of the Company shall be a director on the Board of a Material Non Listed Indian Subsidiary.
- The Company may also appoint Independent Director(s) on the Board of an overseas subsidiary company, as they may deem necessary.

7. SIGNIFICANT TRANSACTIONS/ARRANGEMENTS OF A NON LISTED MATERIAL SUBSIDIARY

The management should periodically bring to the attention of the Board of the Company, a Statement of all Significant Transactions and Arrangements entered into by any Unlisted Material Subsidiary Company.

8. AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

9. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

10. DISCLOSURES

As prescribed under the revised Clause 49(V)(D) of the Listing Agreement, this Policy shall be disclosed in the Company's website and a web link thereto shall be provided in the Annual Report.

11. REVIEW OF THE POLICY

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