



# **KSS LIMITED**

## **Policy on Determination of Material Subsidiary (ies)**



## **Overview**

In view to ensure compliance with recent regulatory developments regarding material subsidiaries, the Board of Directors (the “Board”) of KSS Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes process of Determination of Material Subsidiary (“Policy”) in compliance with the regulatory requirements. Amendments to this Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee from time to time.

## **Objectives and Applicability**

This policy is prepared in accordance with the requirements of in terms of Clause 16 (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”). This policy will be applicable to the Company and it shall lay down the criteria towards ascertaining Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

## **Definitions**

“Act” means the Companies Act, 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“Audit Committee or Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI’s LODR Regulations, 2015 and the Companies Act, 2013.

“Board of Directors” or “Board” in relation to a Company, means the collective body of the directors of the company and as amended from time to time.

“Company” means KSS Limited.

“Holding Company” as defined under clause 2(46) of the Companies Act, 2013 and the Rules made there under.

“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 section 149 of Companies Act, 2013 and Regulation 16(1)(b) of SEBI Listing Regulations with the Stock Exchanges.



**“Material Non-Listed Indian Subsidiary”** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges whose income or net worth (i.e. paid-up capital and free reserves) exceeds 20 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

**“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 material unlisted subsidiary for the immediately preceding accounting year.

**“Subsidiary”** shall be as defined under section 2(87) of the Companies Act, 2013 and the Rules made there under.

#### **Policy**

- ✚ One independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
- ✚ The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- ✚ The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company
- ✚ The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- ✚ No company shall dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 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 a Court/Tribunal.
- ✚ Selling, disposing and leasing of assets amounting to more than twenty 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.



### **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, as it may deem necessary.

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.

### **Scope and Limitation**

In the event of any conflict between the provisions of this Policy and the SEBI's LODR Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

### **Disclosure**

As prescribed under Regulation 46 (1) of the SEBI's LODR Regulations, this policy shall be disclosed on the company's website and a weblink thereto shall be provided in the Annual Report of the Company

This Policy is updated as on January 27, 2016