



K.P.R. MILL LIMITED

**POLICY FOR DETERMINING
MATERIAL SUBSIDIARIES**



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Approved by the Audit Committee on: 28.01.2015 & Board on: 05.02.2015

Amendment of the Policy Approved by the Board on: 03.05.2023

Pursuant to Regulation 16(1)(c) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

This policy is devised by K.P.R. Mill Limited (**'the Company'**) for determining **'Material Subsidiary'** as required under SEBI (LODR).

I. DEFINITION:

The Definitions for various terms used herein have the same meaning assigned to such terms under the Companies Act, 2013 and SEBI (LODR).

II. MATERIAL SUBSIDIARY:

"Material Subsidiary" shall mean a Subsidiary, whose income or net worth exceeds 10% (Ten Percent) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding Accounting Year.

III. COMPLIANCES APPLICABLE

For Non Material Subsidiary Companies:

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary Company.
2. The Minutes of the Meetings of the Board of Directors of the unlisted Subsidiary shall be placed at the meeting of the Board of Directors of the Company and its salient features are taken on record therein.
3. A Statement of all significant transactions and arrangements entered into by the unlisted Subsidiary shall be brought to the notice of the Board of Directors of the Company.

For Material Subsidiary Companies:

In addition to the above the following compliances are also required:

1. At least one Independent Director of the Company shall be a Director on the Board of unlisted Material Subsidiary, whether incorporated in India or not. **(Applicable if income or net worth exceeds 20% (Twenty Percent))**.
2. The Company shall not (either on its own or together with other subsidiaries) dispose of the shares in its Material subsidiary resulting in reduction of its shareholding to less than 50% (Fifty Percent) or cease the exercise of control over the subsidiary without the approval of the Shareholders of the Company by a Special Resolution in its General Meeting, except under a scheme or arrangement duly approved by a Court / Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy code 2016, which event shall be disclosed to the Stock Exchanges within one day of the approval of the resolution plan.
3. The Company shall not sell, dispose of and lease Assets exceeding 20% (Twenty Percent) of the assets of the Material subsidiary on an aggregate basis during a financial year without prior approval of the shareholders of the Company by way of Special Resolution, unless under a scheme of arrangement duly approved by a Court / Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy code 2016, which event shall be disclosed to the Stock Exchanges within one day of the approval of the resolution plan.
4. Material unlisted Subsidiary Company incorporated in India shall undertake Secretarial Audit by a Company Secretary in Practice and the said Secretarial Audit shall be annexed to the Annual Report of the Company.

IV. DISCLOSURE:

This Policy shall be disclosed on the Company's website '<https://kprmillimited.com/>' and a web link thereto shall be provided in the Annual Report of the Company.

V. POLICY REVIEW:

This policy shall be subject to review by the Audit Committee and upon its recommendation, the Board of Directors may consider them to comply with the Regulatory Amendments or Statutory Modifications.