

Policy relating to Material Subsidiary Company.

1. Introduction

The Board of Directors (the "Board") of Kopran Ltd. (the "Company") has adopted the following policy and procedures with regard to determination of material subsidiaries; in line with the requirements of Clause 49 of the Listing Agreement on Corporate Governance as revised vide SEBI Circular nos. CIR/CFD/POLICY CELL/2/2014 and CIR/CFD/POLICY CELL/7/ dated April 17, 2014 and September 15, 2014 respectively.

The Board may review and amend this policy from time to time.

2. Purpose

The purpose of this policy is to determine material subsidiaries of the Company and to provide governance framework for such subsidiaries of the Company.

3. Applicability and governing law

This Policy on Material Subsidiaries shall be governed by the Companies Act, 2013 read with Rules made there under, as may be in force for the time being as well as Clause 49 of the Listing Agreement or such other Rules/Regulations, as may be notified by SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification)

4. Key Definitions

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company in the immediately preceding accounting year.

"Material Non Listed Indian Subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company in the immediately preceding accounting 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 the Companies Act, 2013 and the Rules made there under. The Companies Act, 2013 defines the term "Subsidiary Company" or "Subsidiary" in relation to any other company (that is to say 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 share capital either at its own or together with one or more of its subsidiary companies:

Explanation—

For the purposes of this clause,—

- a) A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) 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 any body corporate;

5. Policy on Material Subsidiaries

At least one Independent Director of the Company shall be a director on the Board of Directors of the Material Non Listed Subsidiary Company.

The Audit Committee of Board of the Company shall review the financial statements of unlisted subsidiary company, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

The minutes of the Board Meetings of the unlisted subsidiary company, shall be placed before the Board of the Company on a regular basis.

The management shall, on a regular basis 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. Disposal of Material Subsidiaries

- a) The Company shall not dispose shares in its Material Subsidiary that reduces 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,; or
- b) Selling, disposing and leasing of the 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 the shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

7. Disclosures

This policy shall also be uploaded on the website of the Company at www.kopran.com and a web link thereto shall be provided in the Annual Report of the Company.