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**POLICY ON DETERMINING MATERIAL SUBSIDIARIES**

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**KLJ RESOURCES LIMITED**

REGD. OFFICE : 8 CAMMAC STREET KOLKATA 700017  
CIN: L67120WB1986PLC041487



## **PURPOSE AND SCOPE**

The Policy for determining ‘material’ subsidiary companies had been framed in accordance with Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy will be used to determine the material subsidiaries of KLJ Resources Limited (referred to as “KRL” or “the Company”) and to provide the governance framework for such subsidiaries. All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI Regulations and Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

## **DEFINITIONS**

“**Audit Committee**” means the committee formed under Section 177 of the Companies Act, 2013.

“**Board**” means the Board of Directors as defined in Section 2(10) of the Companies Act, 2013.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“**Material non-listed Indian Subsidiary**” means an unlisted material subsidiary, incorporated in India.

“**Significant Transaction or Arrangement**” —Significant transaction or arrangement shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

“**Subsidiary Company**” means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.



### **IDENTIFICATION OF 'MATERIAL' SUBSIDIARY**

A subsidiary shall be considered as material if :

- a. the net worth of the subsidiary, exceeds 20 per cent of the consolidated net worth of KRL and its subsidiaries in the immediately preceding accounting year or,
- b. if the income of the subsidiary exceeds 20 per cent of the consolidated income of KRL and its subsidiaries in the immediately preceding accounting year.

### **PROCEDURE AND POLICY**

The unlisted material subsidiaries shall comply with the following specific provisions as per SEBI Regulations:

- At least one Independent Director of KRL shall be a Director on the Board of the Material non-listed Indian Subsidiary Company, if any.
- KRL shall not, without the prior approval of the members by special resolution in its General Meeting, dispose of shares in its Material Subsidiary, if any 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 Material Subsidiary except where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- KRL shall not, without the prior approval of the members by special resolution, sell, dispose-off or lease the assets amounting to more than 20% of the assets of the Material Subsidiary, if any on an aggregate basis during a financial year, unless the same is made under a scheme of arrangement duly approved by a Court/ Tribunal.

The unlisted material subsidiaries shall also comply with the following provisions



applicable to all unlisted subsidiaries of the Company as per SEBI Regulations:

- The Audit Committee of KRL shall review the financial statements, in particular, the investments made by the unlisted subsidiary company, on an annual basis.
- The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed before the Board of KRL on periodical basis.
- The management of KRL shall periodically bring to the attention of the Board of Directors of KRL, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary.

#### **POLICY REVIEW**

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.