



# **KOTYARK INDUSTRIES LIMITED**

**CIN: L24100GJ2016PLC094939**

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## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES AND MATERIAL POLICY FOR GROUP COMPANY AND MATERIAL POLICY FOR LITIGATION**



## **A. POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **PREFACE**

The Company is required to formulate a policy for determining 'material' subsidiary in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). The Board of Directors (the "Board") of Kotyark Industries Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries. The Board may review and amend this policy from time to time.

### **POLICY OBJECTIVE**

To determine the Material Subsidiaries of Kotyark Industries Limited and to govern framework for such subsidiaries.

### **DEFINITION**

**"Audit Committee"** means the committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

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

**"Control"** shall have the same meaning as assigned to it under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**"Company"** means Kotyark Industries Limited.

**"Income"** means the total revenue of the Company as per the latest audited financial statements.

**"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 SEBI (LODR) 2015

**"Net Worth"** means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

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

**"Subsidiary"** means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013

### **IDENTIFICATION OF MATERIAL SUBSIDIARY**

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a. the income of the subsidiary exceeds 20% of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year; or
- b. the net worth of the subsidiary exceeds 20% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year



#### **REQUIREMENTS WITH RESPECT TO SUBSIDIARY OF LISTED COMPANY:**

- a. At least one independent director of the Company shall be a director on the Board of Directors of an unlisted material subsidiary, incorporated in India.
- b. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary (ies).
- c. 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.
- d. It shall be periodically brought to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary(ies). The term “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.
- e. Company shall not, without the prior approval of the members by special resolution in its General Meeting, 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 Material Subsidiary except where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- f. Company shall not, without the prior approval of the members by special resolution, sell, dispose-offor lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless the same is made under a scheme of arrangement dulyapproved by a Court/ Tribunal.

#### **REVIEW TO DETERMINE THE MATERIAL SUBSIDIARY**

The Audit Committee shall review on an annual basis the criteria of materiality as per this Policy, applicableto Company’s subsidiaries.

#### **DISCLOSURES**

This Policy will be disclosed on the Company’s website and web link thereto shall be provided in the AnnualReport of the Company.



## **B. MATERIAL POLICY FOR GROUP COMPANY**

Pursuant to Regulation 2(1)(t) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Company is required to define materiality policy, for identification of “Group Companies“ for disclosure of Group Companies in its draft prospectus / Prospectus.

In this context, the Board has framed the following policy for consideration as a Group Company (excluding Subsidiary Company) if:

- I. Companies with which there were related party transactions, during the period for which financial information is disclosed in Drat Prospectus/ Prospectus, as covered under the applicable accounting standards and
- II. Such Company forms part of the Promoter Group of our company in terms of Regulation 2 (1) (pp) of the SEBI Regulations; and Companies who entered into one or more transactions with such company in preceding fiscal or audit period as the case may be exceeding 10% of total revenue of the company.



### C. MATERIAL POLICY FOR LITIGATION

Pursuant to para 12 (A) (1) (V) of part A of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018, the Company is required to define materiality policy for pending litigations.

For the purpose of disclosure pursuant to the SEBI Regulations and the materiality policy, following litigation are considered material for disclosure in Draft Prospectus/Prospectus of the Company.

All pending litigations involving our company, holding, subsidiary, Directors, Promoters and Group Companies, other than criminal proceedings and statutory or regulatory actions, disciplinary actions including penalty imposed by SEBI or Stock Exchanges, claims related to direct and indirect taxes, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending is in excess of Rs. 1,00,000/-.

Pending proceedings involving the abovementioned persons whose outcome may have a bearing on the business, operations or prospects or reputations of our Company.

Pursuant to para 12 (A) (2) of part A of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018, the company is required to define the materiality policy, for disclosure of material Creditors in its Draft prospectus/ Prospectus which is as follows:

The outstanding dues to creditors in excess of Rs. 1,00,000/-will be considered material.

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