

THE PERIA KARAMALAI TEA & PRODUCE COMPANY LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

This Policy shall be called ‘**Policy for determining Material Subsidiaries**’ (hereinafter referred to as the “Policy”).

OBJECTIVE:

- a. This Policy approved and adopted by the Board of Directors of the Company at their meeting held on January 2, 2019 in accordance to the enactment of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

DEFINITIONS:

“**Applicable Law**” shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder and includes any other statute, law, standards, regulations or other governmental instruction relating to corporate governance;

“**Audit Committee**” shall mean the committee of the Board of Directors constituted as per Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, 2015;

“**Board**” means the Board of Directors of The Peria Karamalai Tea & Produce Company Limited;

“**Company**” means The Peria Karamalai Tea & Produce Company Limited;

“**Material non-listed Subsidiary**” or “**Material Unlisted Subsidiary**” for the purpose of Regulation 24(1) of SEBI (LODR) Regulations, 2015 shall mean a subsidiary whose securities are not listed on any of the recognised stock exchanges of India and whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year;

“**Material Subsidiary**” means a Subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.;

“**Policy**” means this Policy, as amended from time to time

“**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 Unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” “Subsidiary” shall derive the meaning as provided under sub-section (87) of Section 2 of the Companies Act, 2013;

INTERPRETATION:

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it under the Applicable Law. .

PROCESS OF DETERMINATION AND COMPLIANCES IN RESPECT OF MATERIAL SUBSIDIARIES:

- a) The management shall, on an annual basis, present before the Audit Committee , the list of the Subsidiaries together with the details of the materiality defined herein which shall also be placed before the Board. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material non- listed Subsidiary.
- b) Once a Subsidiary is identified as Material Subsidiary, the Company shall adhere to the following procedures:
 - i. The Company shall not dispose of the shares of the 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.
 - ii. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution except where the sale/disposal/lease is made under a scheme of arrangement duly approved by the Court/Tribunal.

- iii. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a Material non-listed subsidiary company.

GENERAL COMPLIANCES IN RESPECT OF OTHER SUBSIDIARIES:

Apart from the above, the following general compliances shall be adhered to by the Company with respect to all its Subsidiaries, whether or not they are Material Subsidiaries:

- a) The Audit Committee and the Board of Directors of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on quarterly basis.
- b) The Audit Committee shall review the utilization of loans and/ or advances from/ investment by the Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the concerned subsidiary, whichever is lower, including existing loans/advances/investments existing as on the date of coming into force of this provision or such other threshold as may be prescribed from time to time under Applicable Law or decided by the Board.
- c) The minutes of the Board meetings of the unlisted subsidiary shall be placed at the Board meeting of the Company.
- d) The management shall periodically 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.
- e) Where a listed subsidiary, which is itself a holding company, the above provisions shall apply to such listed subsidiary insofar as its subsidiaries are concerned.
- f) The Indian Material non- listed Subsidiary shall undertake a secretarial audit through a company secretary in practice.
- g) The Company shall disclose all events or information with respect to its Subsidiaries, which are material for the Company as defined/ determined in the Policy of Determination of Materiality in the manner as provided in the said Policy.
- h) The Company shall place, on its website, the separate audited financial statements of each Subsidiary in respect of a relevant financial year, at least 21 days prior to the date of the annual general meeting of the Company which has been called to, inter alia, consider the accounts of that financial year.

AMENDMENTS:

This Policy shall be implemented as per the provisions the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

The Board or the Audit Committee of the Board (“Audit Committee”) subject to confirmation by Board, may review and amend this Policy from time to time.

Date: 02.01.2019

Place: Kolkata