



Kaveri Seed Company Limited

Policy for determining Material Subsidiaries

1. Material Subsidiaries:

In terms of clause 49(V)(D) of the Listing Agreement, a subsidiary will be considered as “Material” Subsidiary if:

- a. the investment of the company in the subsidiary exceeds twenty per cent of the consolidated net worth as per the audited consolidated balance sheet of the previous financial year or ;
- b. the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

2. Policy:

The Board of Kaveri Seed has adopted the above said policy and procedures with regard to determination of Material Subsidiary as defined the Listing Agreement and rules under the Companies Act 2013. The Audit Committee may review this policy from time to time and recommend any changes to the Board for approval. The policy will be applicable to the Company effective 1st October 2014.

The Company shall classify the subsidiaries of the company as ‘**material**’ based on the net worth and income criteria as prescribed above in the following cases and at the following intervals:

For investment of the Company:

- i. At the time of incorporating a subsidiary
- ii. At the time of making further investment in an existing subsidiary
- iii. At the time of a company or body corporate becoming a subsidiary - by any mode other than the above

For income of each subsidiary:

- iv. On completion of each financial year.

One Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Indian Subsidiary Company.

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

4. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on a quarterly basis.

5. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board for approval.

6. The Company, without the prior approval of the members by Special Resolution, shall not:

- a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the Subsidiary; or
- c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary. In cases where such disinvestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, no such special resolution of the shareholders will be required to be passed.

7. Disclosure:

The company shall disclose the policy on its website and a web link thereto shall be provided in the Annual Report.
