

KEYNOTE

Material Subsidiary Policy
Keynote Financial Services Limited
(Revised w.e.f. 11th February, 2022)

KEYNOTE FINANCIAL SERVICES LIMITED

Material Subsidiary Policy

Preamble:

Securities and Exchange Board of India (“SEBI”) through Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) made it mandatory to all listed companies to formulate a policy for determining “material subsidiaries”

The Board of Directors of Keynote Financial Services Limited has revised the adopted policy in its meeting held on 11th February, 2022 and it shall be effective from same day.

1. OBJECTIVE:

This Policy is framed, in accordance with the Regulation 16 (c) and Regulation 24 of SEBI (Listing Obligations and disclosure Requirements) Regulations 2015 (Listing Regulations) intended to ensure governance of material subsidiary companies.

2. DEFINITIONS:

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten per cent of the consolidated income or net worth respectively of the company and its subsidiaries in the immediately preceding accounting year.

“**Material non-listed Indian subsidiary**” means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

Material subsidiary includes a subsidiary incorporated outside India.

“**Consolidated Income or Net worth**” means the total income or net worth of the Company and its subsidiaries.

“**Significant transactions or arrangements**” shall mean any individual transaction or Arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

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Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts/ agreements/ regulations/ rules.

1. The Companies Act, 2013 or the rules framed there on;
2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
3. Securities Contracts (Regulation) Act, 1956;
4. SEBI Act, 1992;
5. SEBI (Issue of Capital and Disclosure Requirements) Regulations; 2018
6. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
7. SEBI (Prohibition of Insider Trading) Regulations, 1992.

3. GOVERNANCE OF MATERIAL SUBSIDIARIES:

- ✓ At least one Independent Director of on the board of the Company shall be a director on the board of directors of an unlisted subsidiary, whether incorporated in India or not.
- ✓ The Audit Committee to annually review the list of subsidiaries together with the details of the materiality defined herein, before 30th September of every year.
- ✓ The Audit Committee of Board of the Company shall review the financial Statements, in particular, the investments made by the subsidiary company on a quarterly basis.
- ✓ The minutes of the Board Meetings of the unlisted subsidiary company shall be placed at the meeting of the Board of Directors the Company at regular intervals.
- ✓ Board of Directors of the Company, review all the significant transactions and arrangements entered into by the subsidiary company, on a quarterly basis.
- ✓ The Company, without the prior approval of the members by Special Resolution, shall not:
 - a. dispose the shares held in material subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent; or cease the exercise of control over the material subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal [or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved].

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- b. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal [, or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved].
- ✓ Company having a listed subsidiary, which is itself a holding company, the provisions of the regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

4. **AMENDMENTS:**

This Policy may be amended by the Board at any time and is subject to the (i) provisions of Companies Act, 2013 (the Act 2013) and (ii) further guidelines and enactments by the SEBI, including Listing Regulations.

5. **DISCLOSURES:**

The policy shall be uploaded on the Company's website for public information and a web link for the same shall also be provided in the Annual Report of the Company.
