

KAJARIA CERAMICS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. PURPOSE

This policy was originally formulated pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and revised in accordance with the provisions of Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') [including amendments/modifications thereof] read with the SEBI's Notification dated May 9, 2018. This Policy aims to determine Material Subsidiary(ies) of Kajaria Ceramics Limited ('the Company') and is titled as the 'Policy for Determining Material Subsidiaries'.

2. DEFINITIONS

'Consolidated Income or Net worth' means the total income or net worth of the Company and its subsidiaries in the immediately preceding accounting year.

'Independent Director' means an Independent Director as defined under the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

'Policy' means Policy for Determining Material Subsidiaries or Material Subsidiary Policy;

'Significant transaction and arrangement' means 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' includes a subsidiary incorporated in India or outside India and as defined under the Companies Act, 2013 and rules made thereunder.

'Unlisted Subsidiary' means a subsidiary whose securities are not listed on any recognized Stock Exchange.

Words and expressions used in this Policy (whether defined here or not) shall have the same meanings ascribed to it, as defined under the Companies Act, 2013 or the rules made thereunder, the Listing Regulations, Act/Rules/Regulations framed by the Securities and Exchange Board of India or any other relevant legislation/regulations applicable to the Company.

3. POLICY AND PROCEDURES

I. Determination of Material subsidiary:

A subsidiary shall be considered as a 'Material Subsidiary' of the Company, if the net worth or income of such subsidiary exceeds 10% of the consolidated net worth or income, respectively, of the Company and its subsidiaries in the immediately preceding financial year.

II. Determination of Unlisted Material subsidiary:

A subsidiary shall be considered to be an Unlisted Material subsidiary incorporated in India or not, 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.

III. Compliance with respect to subsidiary:

A. In case of Material Subsidiary:

- The Company, without the prior approval of the members by a Special Resolution, shall not:
 - dispose of shares in its Material Subsidiary which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or cease the exercise of control over the subsidiary; or
 - sell, dispose and lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

However, no approval of members of the Company will be required in cases where such divestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

- The Company and its Material Unlisted Subsidiaries incorporated in India shall undertake Secretarial Audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a Practicing Company Secretary, in such form as may be specified with effect from the year ending March 31, 2019.

B. In case of Unlisted Material Subsidiary:

- At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of an Unlisted Material Subsidiary, incorporated in India or not.

C. In case of any subsidiary:

- The Audit committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- 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 on quarterly basis and the Board of Directors of the Company will also review all significant transactions and arrangements entered into by the unlisted subsidiary.
- Where the Company has a listed subsidiary, which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

4. DISCLOSURE

This Policy shall be disclosed on the Company's website www.kajariaceramics.com and web link thereto shall be provided in the Annual Report of the Company.

5. EFFECTIVE DATE

This Policy shall be effective w.e.f. April 1, 2019.

6. REVIEW / AMENDMENT

The Board of Directors of the Company may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Listing Regulations/other applicable laws shall be binding even if not incorporated in this Policy.

This revised Policy has been approved by the Board of Directors of the Company at its meeting held on October 25, 2018.