

REF: KCP/FIN/RB/19-20/111119

November 11, 2019

Compliance and Monitoring Division Securities Exchange Board of India (SEBI) Plot No.C4-A, 'G' Block Bandra-Kurla Complex, Bandra (East), Mumbai - 400051, Maharashtra

Kind Attn: Mr. Pradeep Ramakrishnan, Deputy General Manager

Respected Sir,

Sub: Request for informal guidance.

Ref: Regulation 24 of SEBI LODR Regulations, 2015, as amended.

We solicit your interpretation, guidance for compliances with Regulation 24 of the SEBI LODR Regulations, 2015, as amended, which reads as:

"(1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Our Company The KCP Limited, has a subsidiary in Vietnam M/s. KCP Vietnam Industries Limited, incorporated as a Limited Liability Company under the Laws of Republic of Vietnam, we have 66% shareholding in that company.

According to the Law on Enterprises of Vietnam, The Management structure of a Limited Liability Company in Vietnam does not require a board and directors and the same is being managed by the Members Council.

Article 55 of Vietnamese Law of enterprises states that. The organizational and management structure of companies

A limited liability company with two or more members must have a Members' Council, a chairperson of the Members' Council and a director or director general. A limited liability company with 11 or more members shall form a Supervisory Board; if having fewer than 11 members, it may form a Supervisory Board to meet its management requirements. The rights, obligations, criteria, conditions and working regulations of the Supervisory Board and the head of the Supervisory Board shall be provided in the company charter.

Our subsidiary company has less than 11 members and doesn't requires Board.

THE KCP LIMITED

Registered Office: Remakrishna Buildings, 2, Dr. P. V. Cherian Crescent, Egmore, Chennai 600 008. INDIA Phone: + 91-44-6677 2600 Fax: + 91-44-6677 2620 E-mail: corporate@kcp.co in

www.kcp.co.in

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But pursuant, to Regulations 24, we have to nominate one of our Independent Director as Director on the Board of KCP Vietnam Industries Limited which does not have any Board.

Please guide us the procedure to comply with the said Regulation 24 of SEBI LODR Regulations, 2015.

We wish to confirm that this is only an interpretive letter and there is no-action pending on this issue.

Fees: An amount of Rs.25,000/- has been paid by way of RTGS/NEFT on 08/11/2019 UTR No. N312190977310845 (Copy of the transaction is enclosed)

Thanking you,

Yours faithfully,

For THE KCP LIMITED

Y. VIJAYAKUWAR COMPANY SECRETARY

Enclosure: The Law on Enterprise of Vietnam is enclosed for your ready reference.



REF: KCP/CS/19-20/1312191

December 13, 2019

Sri. Rajesh Kumar Meena Manager, Compliance and Monitoring Division-1 **Corporation Finance Department** SEBI.

Sir.

Explanation to Regulation 24 of the SEBI LODR) Regulations, 2015 as amended states that for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Based on this explanation our subsidiary company M/s KCP Vietnam industries Limited will be considered as material subsidiary as the income or net worth exceeds twenty percent of the consolidated income or net worth respectively and the details of our company consolidated turnover /net worth and contribution of our subsidiary turnover/net worth for years 2018-19 and year 2017-18 is provided in the table below.

## Based on Turnover

Year ended 31st March	2018-19	%	2017-18	%
(Audited)	(Rs.in lakhs)		(Rs.in lakhs)	
Consolidated Turnover				
of The KCP Limited	1683.38	100%	1562.01	100%
(Parent company) and				
KCP Vietnam Industries			!	
Limited (Subsidiary				
company)				
The KCP Limited (Parent	1163.53	69%	1100.49	70%
company) share in				
Turnover			1.	
KCP Vietnam Industries	519.85	31%	461.52	30%
Limited (Subsidiary				
company) share in net				
worth				
	THE KCP	LIMITED		

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## THE k c p LIMITED

## Based on Net worth:

Year ended 31st  March (Audited)	2018-19 (Rs.in lakhs)	%	2017-18	%
Manager and Appropriate and Appropriate the second	(1/5/11) IdKIIS)		(Rs.in lakhs)	
Consolidated Net	991.01	100%	892.85	100%
worth of The KCP				
Limited (Parent			7	
company) and KCP				
Vietnam Industries				
Limited (Subsidiary				
company)				13
The KCP Limited	490.34	49%	465.78	52%
(Parent company)				3270
share in Net worth				
KCP Vietnam		the same and the same of the		
Industries Limited	500.67	51%	427.07	48%
(Subsidiary company)		2270		

This is for your information and records.

Yours faithfully, For the KCP Limited,

Y.Vijayakumar

**Company Secretary**