

DHANLAXMI FABRICS LIMITED

CIN: L17120MH1992PLC068861

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Revised on 01st February, 2019)

INTRODUCTION:

This policy has been prepared in accordance with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to be effective from April 01, 2019.

It is intended to ensure governance as well as disclosure on material subsidiary companies. The Board will also have the powers to amend this policy or substitute this policy with a new policy as and when deemed fit.

DEFINITIONS:

“**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time under the provisions of SEBI LODR, 2015, or the Companies Act, 2013.

“**Board of Directors or Board**” means the Board of Directors of **DHANLAXMI FABRICS LIMITED** as constituted from time to time.

“**Company**” means **DHANLAXMI FABRICS LIMITED**

“**Independent Director**” means a Director of the Company, not being a whole time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Schedule IV of the Companies Act, 2013 and the SEBI’s LODR, 2015 entered into with the stock exchanges.

“**Policy**” means Policy on **Material Subsidiary**.

“**Material Subsidiary**” a subsidiary shall be considered material if the investment of the Company in the subsidiary exceeds TEN percent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated TEN percent of the consolidated income of the company during the previous financial year.

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

“**Subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made there under.

“**Unlisted Subsidiary**” means Subsidiary whose securities are not listed on any recognized Stock Exchanges

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CRITERIA:

A subsidiary shall be considered **Material** if any of the following conditions is satisfied:

a) A subsidiary will be material subsidiary if the following conditions are satisfied:

i) if the investment of the Company in the subsidiary exceeds TEN percent of its consolidated net worth as per the audited balance sheet of the previous financial year; or

ii) if the subsidiary has generated TEN percent of the consolidated income of the company during the previous financial year.

b) “Material non listed Indian subsidiary” shall mean an unlisted subsidiary, incorporated in India whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

c) One of the independent directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.

GOVERNANCE FRAMEWORK:

1. One Independent Director of the Company shall be a Director on the Board of the unlisted material subsidiary, incorporated in India.
2. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
3. The minutes of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
4. 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 Company.
5. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company.

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DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

- dispose of the shares in its 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, except in cases where divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolution, unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

DISCLOSURE OF THE POLICY:

This 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.

REVIEW:

The Board will review this policy and make such revisions as may be required or deemed necessary from time to time by reason of any changes in applicable statutory provisions
