



TEXEL INDUSTRIES LIMITED
(L29100GJ1989PLC012576)

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

REGISTERED OFFICE

Block No. 2106, Santej – Khatraj Road,
Nr. Shah Steel, Vill: Santej,
Tal: Kalol (N.G) 382 721
Dist: Gandhinagar, Gujarat.
India.

Phone No. : +91 – 2764 – 286329 / 286334

Fax No.: +91 – 2764 – 286330

Email: info@geotexelin.com

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1. LEGAL FRAMEWORK:

The Securities and Exchange Board of India (“SEBI”) issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on September 02, 2015, effective from December 01, 2015, with an aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability.

Regulation 16(1)(c) of the LODR Regulations, inter alia, requires every listed Company to formulate a Policy for determining material subsidiary.

Accordingly, the Board of the Directors of Texel Industries Limited (“Company”) has approved this “Policy for Determining Material Subsidiary” (“Policy”) of the Company.

2. DEFINITIONS:

- a) **“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013.
- b) **“Board of Directors”** or “Board” means the Board of Directors of Texel Industries Limited, as constituted from time to time.
- c) **“Company”** means a company incorporated under the Companies Act, 2013 or under any previous company law.
- d) **“Independent Director”** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
- e) **“Policy”** means Policy on Material Subsidiary.
- f) **“Material Non Listed Indian Subsidiary”** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
- g) **“Net Worth”** means paid up capital and free reserves.

- h) **“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 material unlisted subsidiary for the immediately preceding accounting year.
- i) **“Subsidiary”** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

3. GOVERNANCE FRAMEWORK:

- a) The Company shall appoint at least 1(one) Independent Director on the Board of Directors of a Material Non-Listed Indian Subsidiary Company.
- b) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company on quarterly basis.
- c) The minutes of the Board Meetings of the Unlisted Subsidiary Company shall be placed before the Board of the Company on quarterly basis.
- d) The statement of all Significant Transactions and Arrangements entered into by the Material Unlisted Subsidiary Company shall be placed before the Board/Audit Committee of the Company on quarterly basis.
- e) The list of Material Subsidiary/ies of the Company shall be placed before the Audit Committee on annual basis for review by the Audit Committee.

4. DEALING WITH MATERIAL SUBSIDIARIES:

The Company shall dispose the Shares of Material Subsidiary only by means of passing a special resolution in the General Meeting of the Company, if such disposal 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 such Material Subsidiary. The above condition is not applicable in cases where such divestment is made under a Scheme of Arrangement duly approved by a Court/Tribunal.

5. DISPOSAL OF MATERIAL SUBSIDIARIES:

The Company shall not:

- a) Dispose of 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 resolutions in its General Meeting, except in cases where such disinvestment is made under a scheme of arrangements duly approved by a Court/Tribunal.
- b) Sell, dispose of and lease assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolutions, unless the sale/disposal/lease is made under a scheme of arrangements duly approved by a Court/Tribunal.

6. AMENDMENTS:

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

7. POLICY REVIEW:

This policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.
