



**TEXEL INDUSTRIES LIMITED**  
**(L29100GJ1989PLC012576)**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

**REGISTERED OFFICE**

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Logistics Hub, Harijala, Kheda, Matar,  
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## 1. LEGAL FRAMEWORK:

The Board of Directors (the “**Board**”) of Texel Industries Limited (the “**Company**”) has adopted the following policy and procedures with regard to determination of “Material Subsidiary” in order to comply with the requirements of Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018.

## 2. DEFINITIONS:

- a) “**Audit Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under the 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 Texel Industries Limited.
- 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 Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 10 % (Ten percent) of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.
- g) “**Unlisted Material Subsidiary**” means Material Subsidiary which is not listed on stock exchange.
- h) “**Net Worth**” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013.

- i) **“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 subsidiary for the immediately preceding accounting year.
- j) **“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 an Unlisted Material Subsidiary Company whether incorporated in India or not.

For the purpose of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI Listing Regulations, the term “Material Subsidiary” shall mean a subsidiary, 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.

- 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 Directors of the Company on quarterly basis.
- d) The Management of the Unlisted Subsidiary Company shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company.
- 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.
- f) The Company shall include particulars of its subsidiary companies in its Annual Return.
- g) 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 company secretary in practice, in such form as may be specified.

**4. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY:**

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. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY:**

The Company shall not 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.

This Policy has been approved by the Board of Directors in its meeting held on 6<sup>th</sup> March, 2019 and shall be effective from 1<sup>st</sup> April, 2019 and it shall be hosted on the website of the Company.

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