

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES****1. INTRODUCTION**

The Board of Directors (the "Board") of Samtex Fashions Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy below.

This policy shall be applicable to the Company with effect December 1, 2015.

**2. OBJECTIVE**

This policy deals with determination of Material Subsidiaries of Samtex Fashions Limited in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI LODR) which states that the Company shall formulate a policy for determination of the Material Subsidiary.

**3. DEFINITIONS**

"**Audit Committee or Committee**" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI LODR and the Companies Act, 2013 and Rules thereto.

"**Board of Director(s)**" or "**Board**" means the Board of Directors of Samtex Fashions Limited, as constituted from time to time.

"**Control**" shall have the same meaning as assigned to it under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as may be amended from time to time.

"**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 SEBI LODR.

"**Policy**" means Policy on Material Subsidiary.

"**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 16 (1) (c) of the SEBI LODR].

"**Significant Transaction or Arrangement**" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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 thereunder.



Words and expressions used and not defined in this Policy but defined in the Companies Act, 2013 and Rules thereunder, the SEBI LODR, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Act or the Accounting Standards issued under section 133 of the Act shall have the meanings respectively assigned to them in those Acts / Accounting Standards. In the event, such words or expressions are defined at more than one place, then the meaning stricter of all should be assigned to them.

#### 4. POLICY

1. A subsidiary shall be considered as **Material** if the Income or Net worth of that subsidiary exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. A list of such Material subsidiaries shall be presented to the Audit Committee annually for its noting.
2. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the unlisted Material Subsidiary, incorporated in India.
3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
4. The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed before the Board of the Company on a quarterly basis.
5. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company(s).
6. The management of the Company shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the unlisted Material Subsidiary, incorporated in India.

#### 5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:

- a. dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- b. sell, dispose and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

#### 6. DISCLOSURES



The Policy for determining material subsidiaries shall be disclosed on the Company's website [www.samtexfashions.com](http://www.samtexfashions.com). and a web link thereto shall be provided in the Annual Report.

#### **7. AMENDMENT TO THE POLICY**

The Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

Any or all provisions of this policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), notifications(s), circular(s), etc., issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions here under and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), notifications(s), clarification(s), circular(s), etc.

