



**SAI SILKS (KALAMANDIR) LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

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## POLICY FOR DETERMINING MATERIAL SUBSIDIARY

### 1. Preamble and Applicability

The purpose of this policy is to lay down the criteria for identification and dealing with Material subsidiary(ies) and to formulate a governance framework for subsidiary(ies).

The policy is framed by the Company pursuant to Regulation 16 and 24 of SEBI (Listing Obligations and Disclosure Requirements) 2015 (*hereinafter referred to as LODR or Listing Regulations*) to ensure compliance with the applicable provisions of the Listing Regulations.

*Note: The Company, as of now, does not have any subsidiary. However, this Policy shall be applicable and effective as and when the Company gets to have a subsidiary or subsidiaries.*

### 2. Definitions

- (i) “**Act**” means Companies Act, 2013 including any statutory modification or re-enactment thereof;
- (ii) “**Company**” means Sai Silks (Kalamandir) Limited;
- (iii) “**Subsidiary Company**” as defined under clause 2(87) of the Act;
- (iv) “**Holding Company**” as defined under clause 2(46) of the Act;
- (v) “**Net Worth**” means net worth as defined under Section 2(57) of the Companies Act,2013;
- (vi) The term “**material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income–or net worth respectively, of Company and its subsidiaries in the immediately preceding accounting year;
- (vii) The term “**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 immediately preceding accounting year.

### 3. Basis of determining Material Subsidiary

This Policy lays down the basis of determining Material Subsidiary(ies) of the company and related issues as specified in Regulation 24 of Listing Regulations. A Subsidiary shall be considered as material if its income or net worth exceeds 10% of the consolidated income or net worth

respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

#### **4. Governance Framework**

- a) At least one independent director on the Board of Directors of the Company, (the Holding Company), shall be appointed as a director on the Board of the unlisted material subsidiary whether incorporated in India or not as and when applicable.

*For this purpose, 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 also review the financial statements of the subsidiary(ies), in particular, the investments made by the unlisted subsidiary.
- c) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity
- d) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- e) Company shall not 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 or equal to fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- f) Prior approval of the Shareholders of the Company by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets by its material subsidiary amounting to more than 20% of the assets of its material subsidiary on an aggregate basis during the financial year (exception being if the sale/ disposal/ lease is made under a Scheme of Arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### **5. Amendments to the Policy**

- a. The Audit Committee shall review this Policy at least once in three years, or as may be otherwise prescribed by the Audit Committee/ Board from time to time.
- b. Based on the recommendations of the Audit Committee, the Board may review or amend this Policy at any time without any prior intimation and lay down further rules or procedures, to give effect to this Policy.

- c. Notwithstanding anything contained in Clause 5.a, the Company Secretary jointly with either, the Chief Financial Officer or the Managing Director, is authorized to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs or SEBI from time to time. Such amended policy shall be placed before the Audit Committee and the Board, for noting and ratification.

## **6. Scope and Limitations**

In case of any amendment(s), clarification(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 hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## **7. Interpretation**

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and Regulations made there under, Listing Agreement or any other relevant legislation / law applicable to the Company.

## **8. Disclosures(s)**

The Company shall disclose the policy determining material subsidiary on its website. Furthermore, all the related party transactions with the subsidiaries shall be disclosed in the Annual Report of the Company for every year.