DHANLAXMI COTEX LIMITED

CIN: L51100MH1987PLC042280

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Revised on 01st February, 2019 and 13th March, 2025)

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 COTEX LIMITED** as constituted from time to time.

"Company" means **DHANLAXMI COTEX 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" shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting 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 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

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:

If the turnover or net worth exceeds TEN percent of its consolidated turnover or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.

b) “Material Unlisted subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds Twenty percent of the consolidated turnover or net worth respectively, of the listed entity 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 unlisted subsidiary, whether incorporated in India or not.

GOVERNANCE FRAMEWORK:

1. At least one Independent Director of the Company shall be a Director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

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 Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of Directors of the Company.

4. The Management of the Unlisted Subsidiary 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.

6. 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.

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 or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchange within one day of the resolution plan being approved.

- 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 or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchange within one day of the resolution plan being approved.

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

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