



POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. PURPOSE AND SCOPE

The Policy for determining material' subsidiary companies has been framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations").

The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules. Notifications and Circulars made/issued thereunder, as amended, from time to time.

2. IDENTIFICATION OF MATERIAL SUBSIDIARY:

A subsidiary shall be considered material if, its income or net worth exceeds 10 per cent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year

3. GOVERNANCE FRAMEWORK:

- I. The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- II. The minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of Directors of the Company.
- III. 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.

A transaction or arrangement shall be considered significant if it exceeds or is likely to exceed 10 percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding financial year.

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

For the purposes of this provision, notwithstanding anything to the contrary contained in Clause 2 above, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

Osiajee Texfab Limited

CIN: L17299PB1995PLC055743

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V. The Company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than 50 percent or the Company ceases the exercise of control over such subsidiary,

Such approval shall not be required if the disinvestment is:

- 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.

VI. The Company shall obtain prior approval of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year,

Such approval shall not be required, if such sale, disposal, lease of assets is:

- 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.

VII. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

However, pursuant to Regulation 15(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the compliance with the Corporate Governance provisions as specified in regulations 17,17A,18,19,20,21,22,23,24,24A,25,26,27 and clause (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply, in respect of:-

- listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

Provided that where the provisions of regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V become applicable to a listed entity at a later date, it shall ensure compliance with the same within six months from such date.

Provided further that once the above regulations become applicable to a listed entity, they shall continue to remain applicable till such time the equity share capital or the net-worth of such entity reduces and remains below the specified threshold for a period of three consecutive financial years.

- listed entity which has listed its specified securities on the SME Exchange

Provided that for other listed entities which are not companies, but body corporate or are subject to regulations under other statutes, the provisions of corporate governance provisions as specified in regulation 17, 58[17A,] 18, 19, 20, 21, 22, 23, 24, 59[24A,] 25, 26, 27 and clauses (b) to (i) of sub-

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regulation (2) of regulation 46 and para C , D and E of Schedule V shall apply to the extent that it does not violate their respective statutes and guidelines or directives issued by the relevant authorities.

{Since, the Paid up equity share capital and Turnover of the Company is less than INR 10 Crore and INR 25 Crore as on March 31, 2022 the provisions mentioned in the Governance Framework doesnot apply to the Company. However, as and when the paid up share capital and turnover of the Company exceeds the aforementioned limits the provisions become applicable to the Company and the Company shall ensure compliance with the same within a period of six months from such date.}

4. POLICY REVIEW:

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

5. WEBSITE:

This Policy shall be disclosed on the website of the Company.

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