

# SIGNET INDUSTRIES LIMITED

## Policy for determining Material Subsidiaries

### TITLE & PURPOSE

This Policy shall be called 'Policy for determining material subsidiaries'. The Policy is framed as per the requirements 49(V)(D) of the Listing Agreement (as amended by SEBI circulars dated April 17, 2014 and September 15, 2014) for determining 'material subsidiary companies'

### OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

This Policy has been adopted by the Board of Directors of Signet Industries Limited on the recommendation of the Audit Committee of the Board.

### DEFINITIONS

**"Board of Directors"** or **"Board"** means the Board of Directors of Signet Industries Limited, as constituted from time to time.

**"Company"** means Signet Industries Limited.

**"Control"** shall include the right to appoint majority of directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

**"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.

**"Policy"** means this Policy, as amended from time to time.

**"Subsidiary"** shall mean a subsidiary as defined under the Act and Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

## **“MATERIAL SUBSIDIARY”**

A subsidiary shall be considered as **Material** if-

- the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

## **“MATERIAL NON LISTED INDIAN SUBSIDIARY”**

Material Non Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

## **REQUIREMENT REGARDING MATERIAL SUBSIDIARY**

The Company, without passing a special resolution in its General Meeting, shall not:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

except in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

## **REQUIREMENT REGARDING MATERIAL NON-LISTED INDIAN SUBSIDIARY**

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.

## GOVERNANCE FRAMEWORK

- I. The Audit Committee of the Board of the Company shall review the financial Statements, in particular, the investment made by the unlisted Subsidiary Company.
- II. The minutes of the Board Meeting of Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- III. The management shall periodically bring to attention to the Board, a statement of all significant Transactions and arrangements entered into by the Unlisted Subsidiary Company

Explanation : 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 material unlisted subsidiary for the immediately preceding accounting year

## AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

## SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.