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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

INTRODUCTION

The Board of Directors of Winsome Yarns Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

OBJECTIVE

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

The Policy is framed in accordance with the requirements of the Regulation 16 of SEBI (LODR) Regulations, 2015 (including any amendments thereof).

DEFINITIONS

"Act" means the Companies Act 2013 as may be amended from time to time.

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

"Company" means Winsome Yarns Limited.

"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 with the Stock Exchanges.

"Subsidiary" means a subsidiary as defined under the Act and Rules made there under.

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.

POLICY

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 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.

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