

POLICY ON MATERIAL SUBSIDIARIES (Effective from 01.04.2019)

1. Introduction:

The Board of Directors (The "Board") of Reflex Industries Limited (the "Company") has adopted the following policy and procedures with regard to the determination of Material Subsidiaries as per Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR 2015) as amended from time to time as defined below. The Board may review and amend this policy from time to time.

The original policy was adopted by the Board of Directors of the Reflex Industries Limited, at its meeting held on 30th May, 2015. Subsequent to the amendments this policy is revised to be in line with the amendments to SEBI (LODR), 2018 in their Board meeting held on 13th February, 2019. The revised policy is effective from 01st April, 2019.

2. Objective:

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

3. Definitions:

"Audit Committee or Committee" means the "Audit Committee" constituted by the Board of Directors of the Company, from time to time, as per the provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013.

"Board" means the Board of Directors of the Company.

"Company" means Reflex Industries Limited.

"Material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

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

"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.

Reflex Industries Limited

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“**Subsidiary**” shall mean a subsidiary as defined under the Companies Act, 2013.

4. POLICY:

- i. A subsidiary shall be a Material Subsidiary, if; subsidiary whose income or net worth exceeds 10% of its consolidated income or net worth respectively of the listed entity and its subsidiaries as per the audited balance sheet of the immediately preceding accounting year;
- ii. One Independent Director of the Company shall be a Director on the Board of the Material Subsidiary.
- iii. 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.
- iv. The Board Meeting minutes of the Unlisted Indian Subsidiary Companies shall be placed at the meeting of the Board of Directors of the Company.
- v. The Management 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. Disposal of Material Subsidiary:

The Company shall not:

- a. 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 or 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.
- b. sell, dispose of 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 a 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 exchanges within one day of the resolution plan being approved.

6. Policy Review

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.

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