POLICY ON MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the "Board") of **SIDDHESWARI GARMENTS LIMITED** (the "Company") has adopted the following policy and procedures with regard to Material Subsidiaries as defined below. The Board may review and amend this Policy from time to time.

2. POLICY OBJECTIVE

This Policy is framed in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations"), as amended from time to time.

The objective of this Policy is to provide a framework for determining the Material Subsidiaries of the Company and to prescribe the governance framework applicable to such identified subsidiaries.

3. DEFINITIONS

For the purpose of this Policy, unless the context otherwise requires:

"Audit Committee" or "Committee" means the Audit Committee constituted by the Board of Directors of the Company from time to time under the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

"Board of Directors" or "Board" means the Board of Directors of **SIDDHESWARI GARMENTS LIMITED**, as constituted from time to time.

"Company" means **SIDDHESWARI GARMENTS LIMITED**.

"Independent Director" means a director of the Company who satisfies the criteria for independence prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, as amended from time to time.

"Material Non-Listed Indian Subsidiary" means a Material Subsidiary which is incorporated in India and is not listed on any Indian stock exchange.

"Significant Transaction or Arrangement" means any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

"Subsidiary" shall have the meaning ascribed to it under the Companies Act, 2013 and the rules made thereunder, as amended from time to time.

"Policy" means this Policy on Material Subsidiaries.

4. POLICY

i. A subsidiary shall be considered a **Material Subsidiary** if any of the following conditions are satisfied:

a. the investment of the Company in the subsidiary exceeds twenty percent of its consolidated net worth as per the audited balance sheet of the previous financial year; or

b. the subsidiary has generated twenty percent of the consolidated income of the Company during the previous financial year.

ii. At least one Independent Director of the Company shall be appointed as a director on the Board of the Material Non-Listed Indian Subsidiary.

For the purpose of this clause, **"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 twenty percent of the consolidated income or net worth, respectively, of the Company in the immediately preceding accounting year.

iii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by all unlisted subsidiary companies, on a quarterly basis.

iv. The minutes of the meetings of the Board of Directors of all unlisted subsidiary companies shall be placed before the Board of Directors of the Company on a quarterly basis.

v. The management shall, on a quarterly basis, bring to the attention of the Board of Directors of the Company a statement of all Significant Transactions and Arrangements entered into by all unlisted subsidiary companies.

vi. The management shall present to the Audit Committee, annually, the list of subsidiaries together with the details of the materiality criteria defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board, including recommendations for the appointment of an Independent Director on the Board of a Material Non-Listed Indian Subsidiary.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not, without passing a **special resolution** in its general meeting:

i. dispose of shares in a Material Subsidiary which would reduce the Company's shareholding, either on its own or together with other subsidiaries, to less than fifty percent or result in cessation of exercise of control over the subsidiary; or

ii. sell, dispose of or lease assets amounting to more than twenty percent of the assets of the Material Subsidiary.

Provided that no prior approval of shareholders by way of a special resolution in a general meeting shall be required if such sale, disposal or lease is made pursuant to a scheme of arrangement duly approved by a Court/Tribunal.

6. DISSEMINATION

Pursuant to Regulation 46 of the SEBI (LODR) Regulations, 2015, this Policy and any amendments thereto shall be hosted on the website of the Company, and a web link thereto shall be provided in the Annual Report.