

VEDANT FASHIONS LIMITED

Policy on Material Subsidiaries



CONTENTS

1. <u>Preamble</u>	3
2. <u>Definition</u>	3
3. <u>Objective</u>	4
4. <u>Criteria for Determining the Material Subsidiaries</u>	4
5. <u>Policy and Procedure</u>	5
6. <u>Policy Review</u>	6
7. <u>Disclosures</u>	6
8. <u>Version History</u>	6



1. PREAMBLE

The Board of Directors of Vedant Fashions Limited (“Company”) in pursuance of Regulation 16(1) (c) and Regulation 24(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and other applicable provisions (including any statutory enactments / amendments thereof), adopted the policy for determining ‘material’ subsidiaries and is intended to ensure governance of material subsidiary companies (“Policy”). The Policy shall become effective from the date of its adoption by the Board.

2. DEFINITIONS

In this Policy unless the context otherwise requires,

“**Act**” means the Companies Act, 2013 or the Securities and Exchange Board of India Act, 1992 or any statutory modification or re-enactment thereof and includes any Rules and Regulations framed thereunder, as the case may be in respect to the reference made in the provisions under this Policy;

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the SEBI LODR Regulations.

“**Board of Directors**” or “**Board**” means the collective body of the Directors of the Company;

“**Company**” means Vedant Fashions Limited;

“**Holding company**” in relation to one or more other companies, means a company of which such companies are subsidiary companies;

“**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 Act and the SEBI LODR Regulations.

“**Material Subsidiary**” shall mean a subsidiary of the Company, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.



“Subsidiary” shall be a subsidiary of the Company as defined under the Act and the rules made thereunder.

“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.

“Unlisted Subsidiary” means subsidiary of the Company whose securities are not listed on any recognized stock exchanges.

The terms and expressions used but not defined herein shall have the same meaning as assigned to those terms under the 2015 Regulations, the Companies Act, 2013, the Securities Contracts (Regulations) Act, 1956 or any other Applicable Laws or regulations, as the case may be.

3. OBJECTIVE

This Policy is framed and adopted to determine the “Material Subsidiary(ies) of the Company” and to provide the Governance Framework for such Subsidiary(ies). The Policy along with the applicable provisions of the LODR Regulations shall act as a guide in determining whether or not a subsidiary of the Company is or has become a material subsidiary.

4. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES

A subsidiary shall be regarded as a Material Subsidiary for the financial year if it falls under the definition as contained in this policy.

The Audit Committee shall review on annual basis such details / information as may be required to determine the Material Subsidiaries and take all necessary and incidental acts, steps etc. in relation and pursuant thereto.



5. POLICY AND PROCEDURE

- i. The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- ii. The minutes of the Board meetings of the Unlisted Subsidiary shall be placed at the Board meeting of the Company at regular intervals.
- iii. The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company
- iv. At least one Independent Director of the Company shall be a director on the board of every Material Unlisted Subsidiary. Only for the purpose of this provision, notwithstanding anything to the contrary contained in Regulation 16(1)(c) the term “Material Subsidiary” shall mean a Subsidiary, whether incorporated in India or not, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- v. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- vi. The Company shall not dispose of 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 Material Subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by 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. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of 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.
- viii. The Company and its every Material Unlisted Subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a secretarial audit report, given by a company secretary in practice in such form as may be prescribed.



6. POLICY REVIEW

The Board may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy.

The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy. In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law in force from time to time shall prevail over this Policy.

7. DISCLOSURES

The Policy shall be uploaded on the Company's website for public information and a web link for the same shall also be provided in the Annual Report of the Company. The necessary disclosure, if any, about the policy will also be made as per the requirements of LODR Regulations and Companies Act 2013.

The Board will review this program and make revisions as may be required on a timely basis which shall be uploaded on the website in due course.

8. VERSION HISTORY

Sr. No.	Version	Created by	Reviewed and Recommended by	Approved By	Approval Date	Amendment Summary
1	1.0	Secretarial	Audit Committee	Board of Directors	13 th February, 2022	NA
