

**VASHISHTHA LUXURY FASHION LIMITED**

**POLICY ON MATERIAL SUBSIDIARIES**

## 1. Introduction

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The Board of Directors ("**Board**") of Vashishtha Luxury Fashions Limited ("**Company**") has adopted the Policy on Material Subsidiaries ("**Policy**") and procedures with regard to determination of material subsidiaries, in line with the requirements of Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") and Companies Act 2013 ("**Act**")

This Policy was adopted by the Board of Directors of the Company at its meetings held on 1<sup>st</sup> July 2024.

## 2. Purpose

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

## 3. Definitions

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**"Board"** shall mean the Board of Directors of the Company.

**"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

**"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 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

**"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.

**"Subsidiary Company or Subsidiary"** shall be as defined under the Companies Act, 2013 and the Rules made thereunder. The Companies Act, 2013 defines the term "Subsidiary Company" or "Subsidiary" in relation to any other company (that is to say the holding company), means a company in which the holding company –

- i. controls the composition of the Board of Directors; or
- ii. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.- For the purposes of this clause,-

- a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- c) the expression "company" includes any body corporate;
- d) "layer" in relation to a holding company means its subsidiary or subsidiaries.

*Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the LODR Regulations, or any other applicable law or regulation.*

#### **4. Governance Framework**

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##### **A. Disposal of Material Subsidiaries**

- a) The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the 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 a Court/Tribunal or under a resolution plan duly approved under Section 31 of The Insolvency And Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- b) 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 And Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

##### **B. Requirements for Material Non-Listed Indian Subsidiary.**

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

The management shall present to the Audit Committee annually the list of such

subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.

### **C. Requirements for Unlisted Subsidiary**

The Audit Committee of Board of the Company shall review the financial statements of unlisted subsidiary company, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on an half yearly basis.

The management shall on a half yearly basis 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. Disclosure**

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This Policy and any amendments thereto shall be uploaded on the Company's website i.e. [www.vashishthaluxuryfashion.com](http://www.vashishthaluxuryfashion.com)

## **6. Policy Review/Amendments**

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The Board may amend, modify, or revise any or all clause of this code. In the event of any conflict between the provisions of this Policy and of the Act or regulations or any other statutory enactments, the provisions of such Act or regulations or statutory enactments would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with law.

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