

# POLICY ON MATERIAL SUBSIDIARIES

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## **FSN E-COMMERCE VENTURES LIMITED**

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## 1. PURPOSE OF THIS POLICY

The Board of Directors (the “**Board**”) of [FSN E-Commerce Ventures Limited] (the “**Company**”) has adopted this policy and procedures for determining ‘material’ subsidiary companies (“**Policy**”) in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI LODR Regulations**”).

This policy shall come into force from the date of listing of equity shares of the Company on the stock exchanges.

This Policy will be used to determine the Material Subsidiaries and disclosure thereof as required under the SEBI LODR Regulations.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI LODR Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“**Act**”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary. The Chief Financial Officer (CFO) of the Company will be responsible for administration and compliance of this Policy.

## 2. DEFINITIONS

“**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.

“**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. “**Material Subsidiaries**” to be interpreted accordingly.

**“Material Unlisted Subsidiary”** shall mean an Unlisted 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 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. **“Subsidiaries”** to be interpreted accordingly.

**“Unlisted Subsidiary”** means subsidiary of the Company whose securities are not listed on any recognized stock exchanges. **“Unlisted Subsidiaries”** to be interpreted accordingly.

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. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES**

A subsidiary shall be regard 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.

### **4. POLICY AND PROCEDURE**

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
2. The minutes of the Board meetings of the Unlisted Subsidiary shall be placed at the Board meeting of the Company at regular intervals.
3. At least one Independent Director of the Company shall be a director on the board of every Material Unlisted Subsidiary.
4. 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.

The term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent (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.

5. 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.
6. 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.
7. The Company and its 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.

## **5. DISCLOSURES**

This Policy shall be disclosed on the Company’s website.

The Company shall disclose in its board’s report, details of this Policy as required under the Act and the SEBI LODR Regulations (including a web link to the Policy).

## **6. LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or SEBI LODR Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI LODR Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI LODR Regulations, Act and/or applicable laws in this

regard shall automatically apply to this Policy.

## 7. VERSION HISTORY

S.No.	Version	Created by	Approved By	Effective Date	Amendment Summary
1	1.1	Finance & Accounts	Board of Directors	11/10/2021	Policy drafted

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