

POLICY ON MATERIAL SUBSIDIARIES

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**”).

The objective of this Policy is to provide the governance framework for such subsidiaries as required under SEBI LODR Regulations, covering the following:

- i) meaning of ‘Material’ Subsidiary
- ii) requirement of Independent Director in certain Unlisted Material Subsidiaries.
- iii) Restriction on disposal of shares of Material Subsidiary
- iv) Restriction on transfer of assets of Material Subsidiary
- v) Secretarial audit by Material Unlisted Subsidiaries incorporated in India; and
- vi) Disclosure requirements as prescribed under 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 Chief Financial Officer (CFO) of the Company will be responsible for administration and compliance with this Policy.

2. DEFINITIONS

- a) “**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013 (“**Act**”) and Regulation 18 of the SEBI LODR Regulations.
- b) “**Control**” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

- c) **“Income / Revenue”** means Total Income (including other income) as per the latest audited financial statements of the Company.
- d) **“Net Worth”** means net worth as defined under Section 2(57) of the Companies Act, 2013
- e) **“Subsidiary Company or Subsidiary”** means a subsidiary company as defined under 2(87) of the Companies Act, 2013. **“Subsidiaries”** to be interpreted accordingly.
- f) **“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.
- g) **“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.
- h) **“Unlisted Subsidiary”** means subsidiary of the Company whose securities are not listed on any recognized stock exchanges in India. **“Unlisted Subsidiaries”** to be interpreted accordingly.
- i) **“Material Unlisted Subsidiary”** shall mean an Unlisted Subsidiary, whether incorporated in India or not, 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.

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

3. GOVERNANCE OF THE MATERIAL SUBSIDIARIES

A) Review of list of Material subsidiaries:

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.

B) Disposal of shares or assets of Material subsidiaries:

- a. The Company shall not dispose of shares in the Material Subsidiary resulting in reduction of 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 / postal ballot.
- b. The Company shall not sell, dispose of or lease out assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during the financial year without prior approval of shareholders by way of special resolution.

Provided that the provisions of Para B (a) & (b) shall not be applicable if the divestment or sale or disposal or 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.

C) Secretarial Audit:

Material Unlisted Subsidiary 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.

D) Appointment of Independent Directors:

Based on the recommendations of the Nomination and Remuneration Committee of the Company, the Board shall appoint at least one independent director of the Company on the Board of the Material Unlisted Subsidiary.

For the purpose of the above provision "Material subsidiary" shall mean a subsidiary, whose income or net worth exceeds **20% of the consolidated income or net worth** respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

4. GOVERNANCE OF ALL SUBSIDIARIES:

- A) The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- B) The minutes of the Board meetings of the Unlisted Subsidiary shall be placed at the Board meeting of the Company at regular intervals.
- C) 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.

- D) Any transaction between the Company and its subsidiary(ies) shall be entered into in accordance with the policy on dealing with related party transactions of the Company.

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.

However, the Chief Financial Officer and the Company Secretary & Compliance Officer are jointly authorized to provide clarifications or to amend the Policy to give effect to any changes / amendments notified by the Securities Exchange Board of India. Consequently, the policy shall be placed before the Board for their noting and ratification.

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
2	1.2	Secretarial and Finance & Accounts	Board of Directors	22/05/2024	Revision in Policy due to Regulatory changes
