

**POLICY FOR DETERMINING
MATERIAL SUBSIDIARY**



ShineFashions(India) Ltd.

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POLICY FOR DETERMINING MATERIAL SUBSIDIARY

[Pursuant to the Regulations 16(1)(c) and 46 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

➤ **Scope and Purpose**

In accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has formulated this policy for determining material subsidiary of the Company.

➤ **Criteria for determining Material Subsidiary**

Material Subsidiary shall mean a subsidiary whose income/net worth exceeds ten percent of the consolidated income/net worth respectively of the company and its subsidiaries in the immediately preceding accounting year.

➤ **Compliances**

I. All Subsidiaries

1. The audit committee of the company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
2. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the company.
3. 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.

Explanation.- For the purpose of this regulation, the term “significant transaction or arrangement” shall mean 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 unlisted subsidiary for the immediately preceding accounting year.

II. Material Unlisted Subsidiaries

Independent Director: The company shall appoint any one of its independent director on the board of directors of the unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this requirement, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

Secretarial Audit: The material unlisted subsidiary incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in the prescribed format, with the annual report of the listed entity (company).

III. Material Subsidiaries (listed or not)

1. 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 or equal to 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
2. 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.

➤ Disclosure of Events/Information

The company shall disclose all events or information with respect to subsidiaries which are material for the company. The Company shall disclose this Policy on its website i.e. <https://shinefashions.in/> and a web link thereto shall be provided in its Annual Report.

➤ Policy Review

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or any other Applicable Law or as may be otherwise prescribed by the Board from time to time.