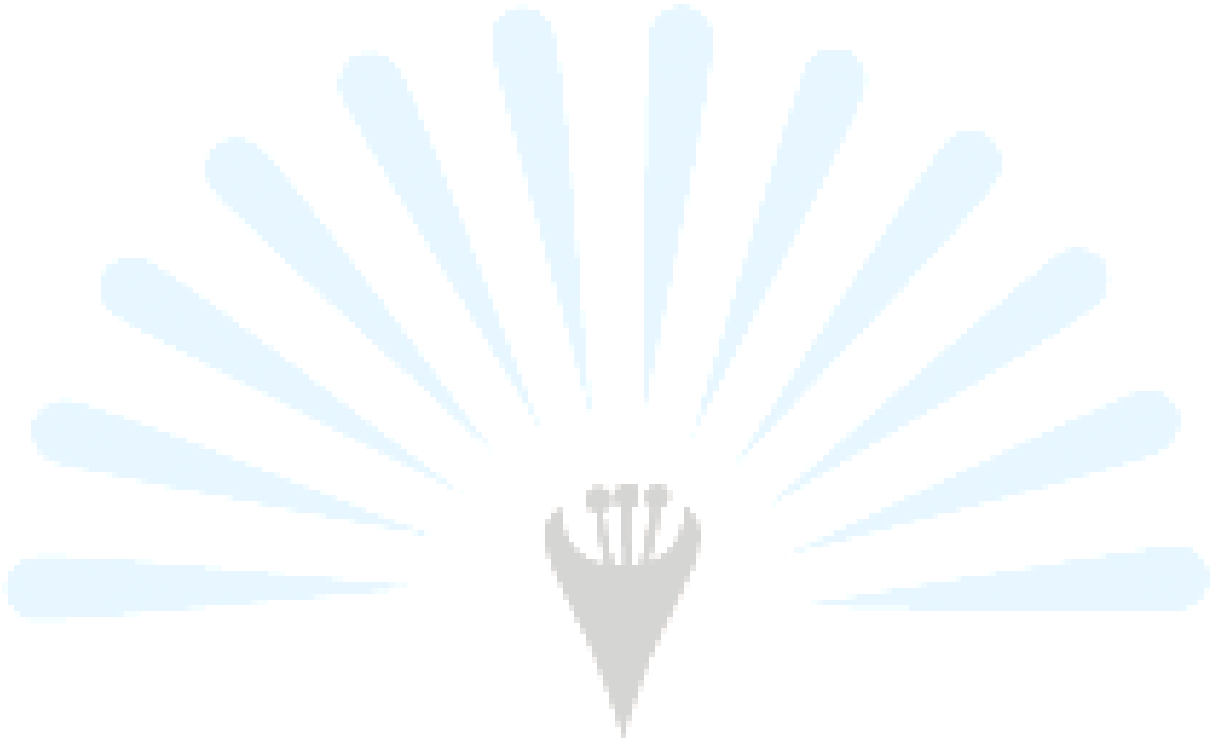




**VISHAL FABRICS LIMITED**



***POLICY FOR DETERMINING  
MATERIAL SUBSIDIARY***

## INTRODUCTION

The following shall be the Policy on determining material subsidiaries of Vishal Fabrics Limited, as approved by the Company's Board of Directors. This Policy is subject to the Board's review and changes, as may be appropriate in accordance with the requirements of the Regulation 16(c) of SEBI (Listing Obligations & Disclosure Requirements)(LODR) Regulations, 2015 (including any amendments thereof).

## PURPOSE AND SCOPE

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

## DEFINITIONS

- **“Audit Committee ”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI LODR with the Stock Exchanges and The Companies Act, 2013.
- **“Board of Directors”** or “Board” means the Board of Directors of Vishal Fabrics Limited, as constituted from time to time.
- **“Consolidated Income”** means the total income of the Company and its subsidiaries.
- **“Net worth”** shall mean the net worth as computed based on the last audited financial statements of the Company.
- **“Material non-listed Indian subsidiary”** means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
- **“Material subsidiary”** shall include only subsidiaries incorporated in India (either listed or un-listed) and which satisfy the conditions of the Policy.
- **“Significant transactions and arrangements”** shall mean any individual transaction or arrangements that exceeds or is likely to exceed –

10% of the total revenue 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”** shall have the same meaning assigned to it under the Companies Act, 2013 and the rules framed thereunder;

### **IDENTIFICATION OF ‘MATERIAL’ SUBSIDIARY**

A Subsidiary shall be considered as “Material Subsidiary” if its income or net worth exceeds 20% of the Consolidated Income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

### **GOVERNANCE FRAMEWORK**

- i. At least one Independent Director of the Company shall be a Director on the Board of the unlisted material subsidiary, incorporated in India.
- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- iii. 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.
- iv. 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 or arrangements entered into by the unlisted subsidiary.

### **DISPOSAL OF MATERIAL SUBSIDIARY**

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 fifty percentage or cease the exercise of control over the Subsidiary without passing a special resolution in its General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal;
- Sell, dispose & lease of assets amounting to more than twenty percentage of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal.

### **AMENDMENTS**

The Board of Directors may review or amend this policy, in whole or part, from time to time to accommodate any regulatory amendments.

### **DISCLOSURE OF THE POLICY**

The Company shall disclose this Policy on its website. The necessary disclosure, if any, about the policy will also be made as per the requirements of SEBI ,LODR Regulations and Companies Act ,2013.

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