

# POLICY ON MATERIAL SUBSIDIARIES

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### 1. Introduction

The Board of Directors ('Board') of Panache Digilife Limited ('the Company') has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

### 2. Policy Objective

This Material Subsidiary Policy is framed to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries as per requirement of SEBI (LODR) Regulations, 2015.

### 3. Definitions

**"Audit Committee"** or **"Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under the provisions of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

**"Board of Directors"** or **"Board"** means the Board of Directors of Panache Digilife Limited.

**"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 Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

**"Policy"** means Policy on Material Subsidiaries.

**"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"** shall be defined under the Companies Act, 2013 and the Rules made thereunder.

### 4. Policy

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a. If the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year;

or

- b. If the subsidiary has have generated 20% of the Consolidated income of the Company during the previous financial year.

One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

The Audit Committee of the Company shall review the financial statements, 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 periodically be placed before the Board of the Company.

The Management of the Company shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements, if any, entered into by the unlisted subsidiary company.

## **5. Disposal of Material Subsidiary**

The Company, without the prior approval of the members by Special Resolution, shall not:

- a. Dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. Ceases the exercise of control over the Subsidiary; or
- c. Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

## **6. Disclosures**

The Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

## **7. Policy Review**

This policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.