

## **POLICY ON MATERIAL SUBSIDIARIES**

### **1. Introduction**

The Board of Directors (the “Board”) of **Vedavaag Systems 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.

This Policy is in terms of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015).

### **2. Policy Objective**

To determine the Material Subsidiaries of Vedavaag Systems Limited and to provide the governance framework for such subsidiaries.

### **3. Definitions**

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

“Board of Directors” or “Board” means the Board of Directors of Vedavaag Systems Limited, as constituted from time to time.

“Company” means a Company incorporated under the Companies Act, 2013 or under any previous Company law.

“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 the SEBI (LODR) Regulations, 2015.

“Policy” means Policy on Material Subsidiary.

“Material Subsidiary” shall mean a subsidiary whose income or net worth exceeds 10% of the Consolidated income or net worth respectively, of the listed entity and its Subsidiaries in the 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 unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the rules made thereunder.

#### **4. Policy**

(i) At least one independent director of the Company shall be a director on the board of the unlisted material subsidiary company whether incorporated in India or not. For the purpose of this provisions, notwithstanding anything to the contrary contained in regulation 16, the term material subsidiary shall mean a subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth of the listed entity and its subsidiaries in the immediately preceding accounting year.

(ii) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

(iii) The minutes of the meeting of the Board of the Unlisted subsidiary shall be placed at the meeting of board of directors of the listed entity.

(iv) Management of unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions i.e., transactions or arrangements that exceeds or likely to exceed 10% of total revenue or total expenses or total assets or total liabilities as the case may be of unlisted subsidiary for the immediately preceding accounting year

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

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

(a) dispose shares in material subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50%; or

(b) ceases the exercise of control over the Subsidiary; or

(c) 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.

#### **6. Secretarial Audit:**

The secretarial audit report of the material unlisted subsidiaries incorporated in India given by a Company Secretary in practice shall be annexed with the annual report of the listed entity.

#### **7. Disclosures:**

The Policy for determining material subsidiaries is to be disclosed to the Stock exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy is available on the website of the Company at <http://vedavaag.com/>