



HONASA CONSUMER LIMITED

**POLICY FOR DETERMINATION OF MATERIAL
SUBSIDIARY AND ITS GOVERNANCE**

(“Policy”)

(Effective from December 23, 2022)

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

Regulation 16(1)(c) of Chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“the Listing Regulations”**), requires a listed company to frame a policy for determining a ‘material subsidiary’, which shall be hosted on the website of the Company and the web link of the same is to be disclosed in the section titled as ‘Corporate Governance Report’ of the Annual Report of the Company.

Accordingly, in compliance with the aforesaid regulations, the Board of Directors (the **“Board”**) of Honasa Consumer Limited (**“the Company”**), has adopted this Policy at its Meeting held on December 23, 2022.

1. Governing Laws

This Policy shall be governed by the provisions of the Listing Regulations, rules and regulations made thereunder and all other applicable laws for the time being in force.

This Policy shall come into force from the date of listing of equity shares of the Company on the stock exchanges.

2. Purpose

The purpose of this Policy is set out the approach for determination of Material subsidiaries of the Company and disclosures thereof, as required under the Listing Regulations. The Policy also intends to ensure governance of Material Subsidiaries by, inter alia, complying with directorship requirements, review of financial statement, bringing to the attention of the Board certain transactions/ arrangement formulating rules regarding disinvestment of shares held by the Company in the Material Subsidiaries, and restrictions on selling/disposing/leasing of assets by the Material Subsidiaries

3. Definition

"Act" means Companies Act, 2013 including any statutory modification or re-enactment thereof.

“Audit Committee” means the committee formed under Section 177 of the Companies Act, 2013 and Rules made thereunder.

"Board of Director" or "Board" means the Board of Directors of the Honasa Consumer Limited, as constituted from time to time.

"Company" means Honasa Consumer Limited.

"Holding Company" means Holding Company as defined under Section 2(46) of the Act.

"Independent Director" means an Independent Director as defined in Section 2(47) of the Act read with SEBI LODR and as may be amended from time to time.

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

"Subsidiary" means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013 and Rules made thereunder.

"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.

'Unlisted Subsidiary' means any Subsidiary of the Company whose shares are not listed on any recognized stock exchange in India.

4. Compliances under Regulation

In terms of Regulation 24 of SEBI (LODR), the Company shall make the following compliances in connection with the subsidiary:

- A) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- B) 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.
- 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.

- D) At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India. Only for the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16(1)(c), the term “material subsidiary” shall mean a subsidiary, whose 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.
- E) The Company shall not dispose of the 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 50% 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- F) The Company shall not sell, dispose of or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without the prior approval of its 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5. Secretarial Audit

Every Unlisted Material Subsidiary incorporated in India, shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by the company secretary.

6. Review / Amendment

The Board of Directors can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

7. Disclosures

The Company shall make such disclosures on its website, Annual Report and at such other places as may be required under the Act and SEBI (Listing Obligations and Disclosure Requirements) 2015 as amended from time to time and such Acts, Rules and Regulations as may be applicable on the Company from time to time including any amendments thereto.

For, HONASA CONSUMER LIMITED

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**VARUN ALAGH
CHAIRPERSON**

Version	Adopted on	Date of amendment	Approved by
V.1.1	December 23, 2022	NA	Board of Directors