

VADILAL ENTERPRISES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the "Board") of Vadilal Enterprises Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy below.

2. OBJECTIVE

This policy deals with determination of Material Subsidiaries of Vadilal Enterprises Ltd in terms of regulation of 16 SEBI (LODR) Regulation, 2015 (as amended from time to time) Which states that the Company shall formulate a policy for determination of the Material Subsidiary and the policy is intended to ensure the governance framework of material subsidiary companies.

3. DEFINITIONS

- a) **"Act"** means Companies Act, 2013 & rules made there under.
- b) **"Audit Committee" or "Committee"** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of section 177 of the Companies Act, 2013 and SEBI (LODR) Regulation, 2015
- c) **"Board of Director" or "Board"** means the Board of Directors of Vadilal Enterprises Limited, as constituted from time to time.
- d) **"Company"** means Vadilal Enterprises Ltd
- e) **"Holding Company"** in relation to one or more other Holding company means a company of which such companies are subsidiaries companies.
- f) **"Independent Director"** means a director of the Company who satisfies the criteria for Independence under Section 149 of Companies Act, 2013 and under SEBI (LODR) Regulations, 2015
- g) **"Subsidiary Company"** shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.

4. Identification of Material Subsidiary:

A subsidiary shall be considered as material if:

- a) The investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or,
- b) If the subsidiary has generated 20% of the consolidated income of the company during the previous year.

Material non listed Indian subsidiary shall mean unlisted subsidiaries, 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 subsidiary in the immediately preceding financial year.

5. Requirement regarding material subsidiaries:

The Company, without passing a special resolution in its General Meeting, shall not:-

- a) Dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- b) Dispose shares in the material subsidiary which would cease 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 in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

6. Requirement regarding material non-listed Indian Subsidiary:

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.

7. Amendments:

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.