

VIDHI SPECIALTY FOOD INGREDIENTS LIMITED

(CIN: L24110MH1994PLC076156)

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

(Pursuant to Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015)

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[Pursuant to Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015]

1. PURPOSE

This policy is framed by the Company pursuant to Regulation 16(1)(c) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2018]

The Policy will come into effect from May 21, 2019.

2. DEFINITIONS

- i. "Act" means Companies Act, 2013 including any statutory modification(s) or re - enactment thereof.
- ii. "Subsidiary Company" is as defined under Section 2(87) of the Act.
- iii. "Holding Company" is as defined under Section 2(46) of the Act.
- iv. "VSFIL" means Vidhi Specialty Food Ingredients Limited.
- v. "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- vi. "Significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for immediately preceding accounting year.

3. BASIS OF DETERMINING "MATERIAL SUBSIDIARY"

The basis of determining "Material Subsidiaries" for VSFIL will be in the following cases:

- i. Investment of VSFIL in the subsidiary exceeds 10% (ten percent) of its consolidated net worth as per the audited Balance Sheet of the previous accounting year, or
- ii. If the Subsidiary has generated 10% (ten percent) of the consolidated income of VSFIL during the previous accounting year.

4. IMPLEMENTATION AND APPROVAL PROCESS

- i. At least one Independent Director of VSFIL (the Holding Company) will be appointed as a Director on the Board of Directors of an "unlisted material subsidiary Company", whether incorporated in India or not.

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% (twenty percent) of the consolidated income or net worth, of the listed entity and its subsidiaries in the immediately preceding accounting year.”

- ii. VSFIL will not dispose of shares in its “material subsidiary” which would reduce VSFIL’s shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty percent) or cease the exercise of control over the material 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).
- iii. Prior approval of the Shareholders of VSFIL by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets amounting to more than 20% (twenty percent) of the “material subsidiary” on an aggregate basis during the accounting year (exception being if the sale / disposal / lease is made under a Scheme of Arrangement duly approved by a Court / Tribunal).
- iv. In the event subsidiary of VSFIL becomes a listed subsidiary which itself is a holding Company, then this policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- v. The Management of VSFIL should periodically bring to the attention of the Board of Directors of VSFIL, a statement of all significant transactions and arrangements entered into by a “unlisted subsidiary Company”, if any.

5. REVIEW AND CHANGES TO THIS POLICY

- i. The Audit Committee will review this Policy as often as it considers necessary;
- ii. The Board may change this Policy from time to time, by resolution.

6. DISCLOSURE

This Policy shall be disclosed on the website of the Company and a web-link of the same shall be provided in the Company’s Annual Report.

7. APPROVED AND ADOPTED

This policy was approved by the Board of Directors on May 21, 2019.