

Applicability:

The Board of Directors of Vimal Oil & Foods 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.

The Policy for determining 'material' subsidiary companies has been framed in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement/ the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

Definitions:

"Act" means Companies Act, 2013 & rules made thereunder.

"Holding Company" Holding company in relation to one or more other companies, means a company of which such companies are subsidiaries companies.

"Subsidiary Company" Subsidiary company or subsidiary in relation to any other company (that is to say the holding company), means a company in which the holding Company-

- i. Controls* the composition of the Board of Directors; or
- ii. Exercises or controls more than one half of the total share capital either at its own or together with one or more of its subsidiary companies;

*The term "controls" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner {Companies [Specifications of definitions details] Rules 2014}

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Explanation- For the purpose of this definition,-

- a. A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in clause (i) or (ii) above is of another subsidiary company of the holding company;
- b. The composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- c. The expression "company" includes anybody corporate.

"Material non-listed Indian subsidiary" mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.

"Material Subsidiary" Shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

"Significant transaction or arrangement" 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 financial year.

"Audit Committee" means the committee formed under Section 177 of the Companies Act, 2013.

GUIDING PRINCIPLES

1. Identification of 'Material' subsidiary:

"**Material subsidiary**" of the Company would be identified, which would include, if any:

- Material listed Indian & foreign subsidiaries
- Material non listed foreign subsidiary

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as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of Directors of the Company.

“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 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

2. Governance framework:

- The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
- One Independent Director of the Company shall be a director on the Board of the Material Non Listed Indian Subsidiary Company. Policy for determining material subsidiaries.
- The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

3. Disposal of Material Subsidiary:

The Company shall not dispose of shares in its' material subsidiary which would:

- a. reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 per cent or cease the exercise of control over the subsidiary or,
- b. amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year

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 under the Companies Act, 2013 or rules made thereunder.

4. Policy Review:

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This policy is framed pursuant to the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.
