

Vinayak Vanijya Limited

Policy for Determining Material Subsidiaries

1. BACKGROUND:

Explanation to Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) requires every listed company to formulate a policy for determining a “material” subsidiary and Regulation 46(2)(h) of the Listing Regulations requires each listed company to publish such policy under a separate section on its website.

This policy for determining a material subsidiary (“**Policy**”) of Vinayak Vanijya Limited (the “**Company**”) has been adopted, in accordance with the Listing Regulations.

The Board of Directors of the Company may amend this policy from time to time provided such amendments are in line with the Listing Regulations.

2. OBJECTIVE OF THE POLICY:

The objective of this Policy is to determine:

- i) Meaning of Material Subsidiary;
- ii) Restriction on disposal of shares of Material Subsidiary by the Company;
- iii) Restriction on transfer of assets of Material Subsidiary; and
- iv) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS:

- a) “**Board**” or “**Board of Directors**” shall mean the Board of Directors of the Company.
- b) “**Company**” means Vinayak Vanijya Limited.
- c) “**Control**” 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 shareholder agreements or voting agreements or in any other manner.

- d) **“Independent Director/Public Interest Director”** shall have the meaning given to it in the Companies Act, 2013 and Listing Regulations, 2015 and SEBI (Securities Contracts) (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.
- e) **“Listing Regulations”** shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- f) **“Material Subsidiary”** shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- g) **“Material Unlisted Subsidiary”** means an unlisted Material Subsidiary.
- h) **“Policy”** means this Policy for Determining Material Subsidiaries of the Company.
- i) **“Significant Transaction and Arrangement”** means 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.
- j) **“Subsidiary”** shall have the meaning given to it in the Companies Act, 2013.
- k) **“Unlisted Subsidiary”** means an unlisted Subsidiary of the Company.

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. SIGNIFICANT TRANSACTIONS / ARRANGEMENTS OF UNLISTED SUBSIDIARY COMPANIES

The management should periodically bring to the attention of the Board a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary in the format similar to the format prescribed in the relevant accounting standards for the purpose of disclosure of related party transactions on a consolidated basis.

5. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY OF LISTED ENTITY

- (1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- (2) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- (3) 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 listed entity.
- (4) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- (5) A listed entity shall not dispose of 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 fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting.
- (6) 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 shall require prior approval of shareholders by way of special resolution.

Nothing contained in this sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

6. OTHER PROVISION RELATED TO MATERIAL UNLISTED SUBSIDIARY

Secretarial Audit and Secretarial Compliance Report

Pursuant to Regulation 24A of SEBI (LODR) Regulations, 2015, Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity.
