

Umang Dairies Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

**(Pursuant to Regulation 16 of the Securities
and Exchange Board of India (Listing
Obligations and Disclosure Requirements)
Regulations, 2015)**

I. Preamble:

Pursuant to Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company is required to formulate a policy for determining material subsidiary.

II. Policy:

A subsidiary whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year shall be considered a material subsidiary.

III. Compliance with Listing Regulations:

- i) In case of an unlisted material subsidiary incorporated in India or not, at least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of such unlisted material subsidiary.

For the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the Listing Regulations or this Policy, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty per cent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- ii) The Company 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 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

[Explanation – ‘control’ shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.]*

- iii) 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 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

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

- iv) Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report, given by a peer reviewed company secretary in practice, in such form as specified, with the Annual Report of the Company.

IV. General:

The words and terms not defined in the Policy shall carry the same meaning as assigned in the Listing Regulations. Further, the provisions applicable to material subsidiary only have been given in this Policy and the provisions applicable to all subsidiary companies, whether material or not, shall also be applicable to such unlisted material subsidiary as given in the Listing Regulations.

V. Amendment:

Any subsequent amendment(s)/modification(s) in the Listing Regulations or any other governing law, which makes any of the provision of this Policy inconsistent with Listing Regulations or other governing law, then the provisions of such Listing Regulations or any other governing law shall prevail and the Chief Financial Officer and the Company Secretary of the Company are severally authorized to carry out any further changes in the Policy to make it consistent with the amended Listing Regulations or other governing law and the Board shall be kept informed of the same.