
Policy on Material Subsidiary

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Approved By: Board of
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Policy Owner: Audit
Committee

VEGEPRO FOODS AND
FEEDS LIMITED

Subject: Policy on Material	Original Issue Date: 31.07.2014	Effective Date: 31.07.2014
Subsidiary	Revision Dates: As and when required	Policy No.: 1.0

Base Document	:	Listing Agreement
Initial Document Prepared by	:	Mr. Sanjay Rawka
Functional aspects checked by	:	Mr. M. K. Gupta, Director
Governing Guideline/ Policy	:	Companies Act, 2013 and revised Clause 49 of the Listing Agreement
Legal aspects checked by	:	Mr. Gopal Daga, Director

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Policy on Material Subsidiaries

Clause 49 of the Listing Agreement mandates all listed companies to formulate a policy for determining material subsidiaries. In this regard Vegepro Foods & Feeds Limited (herein referred to as the 'Company' or 'Vegepro') has framed this Policy on Material Subsidiaries ('Policy') to be followed by Vegepro in determining and transacting with such material subsidiaries of the Company.

Objective

As the name suggests, material subsidiaries of the Company has a significant impact on the financials of the Company and therefore warrants a proper procedure for their identification. The objective of this Policy is to lay down the process of identification of such material subsidiaries and manner in which transactions may be entered into with such material subsidiaries.

Definitions

"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% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

"Material Subsidiary(ies)" means a subsidiary company:

- i. in which the investment of Vegepro exceeds twenty per cent of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- ii. which has generated twenty per cent of the consolidated income of the Company during the previous financial year.

"Significant Transaction or Arrangement" shall 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 accounting year.

"Subsidiary" means a body corporate in which Magma:

- (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:

Process of determination and compliances in respect of Material Subsidiaries

- a) Vegepro shall place before the Board, a quarterly report of all its Subsidiaries, including the quantum of investments made in such Subsidiaries in respect of its consolidated income and net worth as per its audited balance sheet of the previous financial year.

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b) Once a Subsidiary is identified as Material Subsidiary, Vegepro shall adhere to the following procedures:

i. Vegepro shall not dispose of the shares of the Material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting.

ii. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary shall require prior approval of shareholders of Vegepro by way of special resolution.

iii. At least one independent director on the Board of Directors of Vegepro shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.

General Compliances in respect of other Subsidiaries

Apart from the above, the following general compliances shall be adhered to by Vegepro with respect to all its Subsidiaries, whether or not they are Material Subsidiaries:

a) The Audit Committee and the Board of Directors of Vegepro shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

b) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of Vegepro. The management shall periodically bring to the attention of the Board of Directors of Vegepro, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

Where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

Change Control Record

Version No.	Change Request by	Memorandum of Change	Approval date