

EMPEE DISTILLERIES LTD

POLICY ON MATERIAL SUBSIDIARIES

1. Preamble

The following shall be the Policy on determining material subsidiaries of Empee Distilleries Limited ('Company'), as approved by the Company's Board of Directors. This Policy is subject to the Board's review and changes, as may be appropriate, from time to time in conformity with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

2. Purpose

The purpose of this Policy is to determine the material subsidiaries of the Company and to ensure the governance of such companies.

3. Definitions

- a) "Audit Committee" means the Audit Committee of Board of Directors of the Company;
- b) "Board" means the collective body of the Directors of the Company;
- c) "Material Non-listed Indian Subsidiary" means a Material Subsidiary of the Company, incorporated in India, whose shares are not listed on any stock exchanges;
- d) "Material Subsidiary" means a subsidiary of the Company which satisfies any of the following conditions:
 - i. Investment in the subsidiary exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
 - ii. The turnover/income or net worth (i.e., paid up and free reserves) of the subsidiary exceeds 20% of the consolidated turnover/income or net worth respectively of the Company during the previous financial year.
- e) "Significant Transaction or Arrangement" means any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be of the Material Nonlisted Indian Subsidiary for the immediately preceding accounting year;
- f) "Subsidiary" means a company as defined under Section 2(87) of the Companies Act, 2013 and the Rules thereunder;
- g) "Policy" means this Policy on Material Subsidiaries.

4. Policy

(a) At least one Independent Director on the Board of the Company shall be a director on the board of directors of a Material Non-listed Indian Subsidiary.

(b) Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary company.

(c) The Minutes of the board meetings of the unlisted Subsidiary company shall be placed at the Board meeting of the Company.

(d) The management of the Company shall on an annual basis bring to the attention of the Board, a statement of all Significant Transaction/s and/or Arrangement/s entered into by the unlisted Subsidiary company.

(e) The management of the Company shall on an annual basis present to the Audit Committee the list of unlisted subsidiaries along with details of the materiality. The Audit Committee shall review the same and make suitable recommendations to the Board.

(f) Without the prior approval of the shareholders of the Company by means of a special resolution, the Company shall not:

1) dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent, except in cases where such divestment is made under a scheme of arrangement duly approved by a court or tribunal;

2) cease to exercise control over the Material Subsidiary; &

3) sell/dispose/lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme or arrangement duly approved by a court or tribunal.

5. Disclosure

This Policy shall be disclosed on the website of the Company and a web link thereto provided in the Annual Report of the Company.

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