VELLORA IMPACT LIMITED

Policy on Material Subsidiary

1. Applicability and Commencement:

This Policy is framed in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") by Vellora impact limited ("the Company"). The Board of Directors of the Company may review and amend this policy from time to time to align it with the applicable laws, rules, notifications, circulars and regulations.

2. Objective:

2.1. The Policy is intended to ensure governance relating to subsidiary company as specified in Regulation 16 (1) of the SEBI LODR Regulations.

2.2. The objective of the policy is to –

a) Identify material subsidiary company and

b) Lay down the policy to conform to the requirements of in Regulation 16 (1) of the SEBI LODR Regulations.

3. Definitions:

3.1. "Company" shall mean Vellora impact limited.

3.2. "Consolidated net worth" and "consolidated income" mean, 'net worth' and 'net income', respectively, of the Company and its subsidiary companies, consolidated in accordance with the Indian Accounting Standard 110 - Consolidated Financial Statements.

3.3. "Control" shall include right to control the composition of the board of directors, or to exercise or control of more than one-half of the total share capital, by the Company either on its own or together with one or more of its subsidiary companies.

3.4. 'Non-listed' or 'unlisted company means a company which is not listed on any recognized stock exchange.

4. Policy:

4.1. Requirements relating to Material Subsidiary Company.

4.1.1. Material Subsidiary Company.

"Material subsidiary" is a subsidiary whose income or net worth exceeds

Twenty percent (20%) of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4.1.2. Sale of shares, cessation of control or disposal of assets, of material subsidiary company.

A Special resolution will be required to be passed in the General Meeting in the following cases-

a) Disposal of investment in shares by the Company in a material subsidiary company, which could reduce its shareholding in the said subsidiary company (either on its own or together with one or more other subsidiaries) to less than or equal to 50%.

b) Any transaction resulting in cessation of control over the any material subsidiary company.

c) Sale, disposal or lease of assets, of material subsidiary company, in excess of twenty percent of the total assets on an aggregate basis during a financial year of the said subsidiary company.

Note- The requirement of passing a special resolution shall not be applicable in cases, where such sale of shares, cessation of control or disposal of assets, 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.

4.2. Requirements relating to Non-Listed Subsidiary Company.

Material non-listed Indian subsidiary company shall mean an unlisted subsidiary company, incorporated in India or not, whose income exceeds twenty per cent of the consolidated income of the Company and its subsidiary companies, in the immediately preceding accounting year, or its net worth (i.e. paid up capital and free reserves) exceeds twenty percent of consolidated net worth of the Company and its subsidiaries, as at end of the immediately preceding accounting year, as per the audited financial statements.

The Company will co-opt at least one independent director of its Board of Directors on the Board of Directors, of a material non-listed subsidiary whether incorporated in India or not.

4.3. The Audit Committee of the Company will review the financial statements of, and in particular, the investments made by the unlisted subsidiary company**.**

4.4. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.

4.5. The Company will periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by any unlisted material subsidiary company

Note – For this purpose, 'significant transaction or arrangement" shall mean any individual transaction or arrangement, which 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 company for immediately preceding accounting year.

5. In the event, any of the subsidiary company of the Company becomes a listed company, and is also a holding company, and then this policy shall apply to such listed subsidiary company in so far as its subsidiary companies are concerned.

Approved and adopted by the Board of Directors at its meeting.