VIVID GLOBAL INDUSTRIES LIMITED

CIN: L24100MH1987PLC043911

POLICY ON MATERIAL SUBSIDIARIES

1. OBJECTIVE:

Companies Act 2013 and the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) have specified certain compliances for governance, control and disposal of company's material subsidiaries. It is therefore necessary for the board to lay down specific policy framework in this regard. The objective of this policy is to lay down criteria for determination of material subsidiaries, its governance, control and disposal**.**

2. DEFINITIONS:

For this Policy, following terms shall have the meanings ascribed to them as under:

2.1. "Board" means the Board of Directors of the company.

2.2. "Audit Committee" means the Audit Committee of the Board.

2.3. "Policy" means this policy or "Policy on Material subsidiary".

2.4. "Material Subsidiary" means a subsidiary, whose income or net worth exceeds 10% (Ten percent) of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

2.5. "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 unlisted subsidiary for the immediately preceding accounting year.

2.6. "Subsidiary" shall be as defined under the Companies Act, 2013 and Rules made there under.

2.7. "Networth" means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013 as amended.

3. POLICY:

3.1. A subsidiary shall be considered as Material Subsidiary, if any of the following conditions are satisfied as laid down in the Listing Regulations and amendments thereto:

3.1.1. If net-worth of the subsidiary company exceeds 10% of the consolidated net worth of the company in the immediately preceding accounting year; or

3.1.2. If income of the subsidiary company exceeds 10% of the consolidated income of the company in the immediately preceding accounting year.

3.2. **GOVERNANCE AND CONTROL:**

3.2.1. Audit Committee of the Company shall review the financial statements, in particular, the investments made by Material Subsidiary on an annual basis.

3.2.2. Board Meetings minutes of Material Subsidiary shall be placed before the Board.

3.2.3. Statement of all Significant Transactions & Arrangements entered into by Material subsidiary shall be placed before the Board on quarterly basis.

3.2.4. Management shall present to the Audit Committee annually, list of Material subsidiaries together with the details of materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

3.2.5. At least one Independent Director of the Company shall be on the Board of the Material unlisted Subsidiary, whether in India or not.

"Material Subsidiary" for the purpose of this clause shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

3.3. DISPOSAL OF MATERIAL SUBSIDIARY:

The Company shall not without the prior approval of the members by Special Resolution:

3.3.1. Dispose shares in Material Subsidiaries that reduces Company's shareholding to less than or equal to 50% (either on its own or together with other subsidiaries); or

3.3.2. Cease the exercise of control over the Material Subsidiary; or

3.3.3. Sell, dispose or lease the assets amounting to more than 20% of the assets of the Material subsidiary on an aggregate basis during a financial year, unless the sale, disposal or 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.

4. REVIEW AND AMENDMENT:

4.1. The Board may monitor, review and amend the Policy from time to time as also whenever necessitated due to amendments in the Companies Act, 2013 and Rules thereunder, Listing Regulations or any other Regulations. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

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