



emami* limited

Policy for Determining Materiality of Subsidiaries

(Version 2.0 - w.e.f., 13th May, 2022)

Policy for Determining Materiality of Subsidiaries

1. Important Definitions

- (a) **“Act”** means the Companies Act, 2013 and the rules made thereunder
- (b) **“Holding Company”** would imply a company of which other companies are subsidiary companies.
- (c) **“Subsidiary Company or Subsidiary”** in relation to Emami Limited would imply a company in which Emami –
- (i) controls the composition of the Board of Directors; or
 - (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:
- Explanation- For the purpose of this definition,-
- A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in clause (i) or (ii) above is of another subsidiary company of the holding company;
 - The composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
 - The expression “company” includes any body corporate;
- (d) **“Material Subsidiary”** would imply a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth of Emami limited and its subsidiaries as per the audited balance sheet of the immediately previous accounting year.
- (e) **“Significant Transaction or Arrangement”** would imply 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 unlisted subsidiary for the immediately preceding accounting year.

2. Objective

The objective of this Policy is to determine:

- a) meaning of material subsidiary
- b) requirement of Independent Director in certain unlisted material subsidiaries
- c) restriction on disposal of shares of material subsidiary by the Company
- d) restriction on transfer of assets of material subsidiary and
- e) disclosure requirements based on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the company.
- f) ensure governance of material subsidiary companies

3. Compliances and Governance Framework

a) Independent Director on the Board of Unlisted Material Subsidiary

At least One (1) Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the Unlisted Material Subsidiary.

Explanation: Material subsidiary for the appointment of the Independent director shall imply a subsidiary whose

income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

b) Significant Transactions/ Arrangements of Unlisted Subsidiary Companies

The management of the unlisted subsidiary shall periodically submit to the Board of Directors, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary(ies).

c) Restriction on Disposal of Shares of Material Subsidiary by the Company

The Company shall not dispose off shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent (50 %) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment is 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.

d) Restriction on Disposal of Assets of Material Subsidiary

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) 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.

e) Minutes of the Board meetings of all Subsidiary Companies shall be placed before the Board of Directors of Emami Limited on quarterly basis;

f) A statement of all significant transactions and arrangements entered into by the subsidiary Companies during the quarter shall be brought to the attention of the Audit Committee of Emami Limited on a quarterly basis;

g) The Audit Committee of Emami Limited shall review the financial results, the investments made by the Subsidiary Companies on a quarterly basis;

h) Material unlisted subsidiaries incorporated in India shall undertake secretarial audit and annex a secretarial audit report given by a practicing company secretary, with the annual report of Emami Limited.

i) Where a company has a listed subsidiary, which is itself a holding company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

4. Disclosures

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

5. Review of the Policy

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.