COFFEE DAY ENTERPRISES LIMITED.

POLICY ON MATERIAL SUBSIDIARIES

1. PREAMBLE:

The Board of Directors (the "Board") of **COFFEE DAY ENTERPRISES LIMITED** (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective from November 9th , 2015. This Policy is in terms of Clause 49 (V) (D) of the Listing Agreement with the Stock Exchanges.

2. POLICY OBJECTIVE

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. DEFINITIONS

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

"Board of Directors" or "Board" means the Board of Directors of **Coffee Day Enterprises Limited**, as constituted from time to time.

"Company" means **Coffee Day Enterprises Limited**.

"Independent Director" means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

"Policy" means this Policy on determining Material Subsidiaries. Material Non Listed Indian Subsidiary shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges

"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 Non Listed Indian Subsidiary for the immediately preceding accounting year.

"Subsidiary" means a subsidiary of the Company, which term shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

4. POLICY

1. A subsidiary shall be a Material Subsidiary of the Company, if any of the following conditions are satisfied:

a. In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or

b. Which have generated twenty per cent of the consolidated income of the Company during the previous financial year

2. One **Independent Director** of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary.

3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on a quarterly basis.

4. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on a half yearly basis.

5. The management of the Company shall on a half yearly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

6. The management of the Company shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary

5. DISPOSAL OF MATERIAL SUBSIDIARY

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

a. dispose shares in a Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or

b. ceases the exercise of control over the Subsidiary; or

c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary

DISCLOSURES:

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at www.coffeeday.com