

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

**Owner: (Company Secretarial Department)**

**Approved by Board of Directors**

### **1. INTRODUCTION / BACKGROUND / PURPOSE OF POLICY**

**V Marc India Limited** (the “Company”) is governed amongst other statutes/regulations, by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) lays out regulatory requirements for material subsidiary companies.

The Board of Directors (the “Board”) of the Company have adopted the following policy and procedures with regard to determination of material subsidiaries, in accordance with the provisions of Regulation 16(1)(c) of the Listing Regulations.

The objective of the Policy is to determine material subsidiaries of the Company and to provide governance framework for subsidiaries.

### **2. SCOPE**

The objective of this policy is to determine material subsidiaries of the Company and to provide governance framework for such subsidiaries.

In the event of any conflict between the provisions of this Policy and the Applicable Law, the Applicable Law shall prevail over this Policy.

### **3. POLICY DETAILS**

#### **a) Key Definitions**

- **Material Subsidiary** is a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- **Unlisted Material Subsidiary** shall mean an unlisted subsidiary, incorporated in India or not, 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.

- **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 unlisted subsidiary for the immediately preceding accounting year.
- **“Subsidiary”** shall be as defined under the Companies Act, 2013.

#### **b) Identification of Material Subsidiaries**

A subsidiary shall be a Material Subsidiary, if the income or net worth of the subsidiary exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

#### **c) Governance Framework**

##### **For all Subsidiaries**

- i) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- ii) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- iii) The management of Unlisted Subsidiaries shall on a quarterly 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.

##### **For Material Unlisted Subsidiaries**

At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of its Unlisted Material Subsidiary company.

The management 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 Unlisted Material Subsidiary.

The Financial Management team will be responsible for monitoring these and to determine which of the subsidiaries fall within the definition of material subsidiary.

#### **4. Disposal of Material Subsidiary**

The Company, without passing a special resolution in its General Meeting, shall not:

- i) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%\*; or
- ii) ceases the exercise of control over the Subsidiary\*; or
- iii) 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/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.

**\* except in cases where:**

- 1) Such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal; or
- 2) 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

## **5. Disclosure**

The above policy will be modified as and when there are changes to the regulations including the Companies Act, Listing Regulations and guidelines issued by SEBI. The Company shall disclose the Policy for determining 'material' subsidiaries on its website and a web link thereto shall be provided in the Annual Report

## **6. Policy Review**

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or any other Applicable Law or as may be otherwise prescribed by the Board from time to time.