

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

V-GUARD INDUSTRIES LIMITED

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CONTENTS

1. INTRODUCTION	4
2. DEFINITIONS	4
3. GOVERNANCE FRAMEWORK.....	5
4. DISCLOSURES	6
5. REVIEW AND AMENDMENT	6



1. INTRODUCTION

The Board of Directors of M/s V-Guard Industries Limited has adopted this Policy with regard to the determination of material subsidiaries. This policy is in terms of Regulation 16 read with Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy sets out criteria for determination of material subsidiaries

2. DEFINITIONS

“Company” means V-Guard Industries Limited.

“Board of Directors” or “Board” means the Board of Directors of V-Guard, as constituted from time to time.

“The Act” shall mean the Companies Act, 2013 read with related rules framed thereunder and including all amendments and modifications thereto.

“Listing Regulations” shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Audit Committee” or “Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under the provisions of the Listing Regulations and Act and rules framed thereunder.

“Independent director” shall have the same meaning as assigned to it under sub section (6) of section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations.

“Material Subsidiary” shall mean a subsidiary whose turnover or net worth exceeds 10 percent (or as stipulated under the Listing Regulations or any other enactment(s) applicable to the Company from time to time) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Policy” means this Policy for Determining Material Subsidiaries.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10 percent (or as stipulated under the Listing Regulations or any other enactment(s) applicable to the Company, from time to time) 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.

“Subsidiary” shall have the same meaning as assigned to it under subsection (87) of section 2 of the Act and Regulation 2(1) (zm) of the Listing Regulations.

Any other term not defined herein shall have the same meaning as assigned to it in the Act, the Listing Regulations or any other applicable law or regulation, as amended from time to time.



3. GOVERNANCE FRAMEWORK

3.1. Subsidiaries

- a) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by its unlisted subsidiary.
- b) The minutes of the Board meetings of all the Subsidiary Companies shall be placed before the Board of Directors of the Company on a quarterly basis.
- c) a statement of all significant transactions and arrangements entered into by the Subsidiary Companies shall be brought to the attention of the Board of Directors of the Company on an annual basis;
- d) any transaction between the Company and its Subsidiaries shall be entered into in accordance with the Related Party Transaction Policy of the Company.
- e) The Audit Committee of the Company shall review the utilization of loans and/or advances from/investment in the Subsidiary company exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/advances/investments.

3.2. Material Subsidiaries:

- a) The list of all Material Subsidiaries shall be placed before the Audit Committee of the company on an annual basis;
- b) At least one Independent Director on the Board of the company shall be appointed as a Director on the Board of unlisted Material Subsidiary, whether incorporated in India or not. *(Material Subsidiary herein shall mean a Subsidiary whose Turnover or net worth exceeds 20% of the consolidated turnover or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.)*
- c). Material Subsidiary incorporated in India shall undertake secretarial audit by a secretarial auditor who shall be a peer reviewed company secretary and shall annex a secretarial audit report in the prescribed form with the annual report of the Company.
- d) Company shall not dispose of shares in its Material Subsidiaries resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting of the Company, except in cases where such divestment 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 and Bankruptcy Code, 2016 ('Insolvency Code'); such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.



- e) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company 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.

4. DISCLOSURES

This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

5. REVIEW AND AMENDMENT

This policy may be amended or substituted by the Audit Committee or by the Board as and when required and where there are any statutory changes necessitating the change in the policy. Any subsequent notification, circular, guidelines or amendments under the Act and Listing Regulations as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.
