

## **POLICY ON DETERMINING MATERIAL SUBSIDIARY**

### **1. Title and Commencement**

This Policy shall be called the “Policy on Determining Material Subsidiary” (“Policy”) and shall come into effect from the date of its approval by the Board of Directors.

### **2. Objective**

The objective of this Policy is to determine the criteria for identifying material subsidiaries of the Company and to establish governance requirements for such subsidiaries in accordance with applicable laws and regulations.

### **3. Definitions**

In this Policy, unless the context otherwise requires:

(a) **"Act"** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars, notification, orders to remove difficulties or re-enactment thereof time to time.

(b) **“Audit Committee or Committee”** means the Committee of Board constituted by the Board of Directors of the Company under the provisions of SEBI Listing Regulations and Act from time to time.

(c) **“Board of Directors” or “Board”** means the Board of Directors of the Company, as constituted from time to time.

(d) **“Company”** means Valley Magnesite Co Limited

(e) **“Control”** shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(f) **“Independent Director”** shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013.

(g) **“Material Subsidiary(ies)”** shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

(h) **“Policy”** means this Policy on material subsidiaries.

(i) **“Net Worth”** means net worth as defined in section 2(57) of the Companies Act, 2013.

(j) **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof.

(k) **“Significant transaction or arrangement”** shall mean 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.

(1) “**Subsidiary Company(ies)**” or “**Subsidiary(ies)**” shall be as defined under section 2(87) of the Companies Act, 2013 and the Rules made thereunder. All words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars issued thereunder, as amended from time to time.

#### **4. Criteria for Determining Material Subsidiary**

A subsidiary shall be considered as a *Material Subsidiary* if:

- Its turnover exceeds **10% of the consolidated turnover** of the Company and its subsidiaries in the immediately preceding accounting year; or
- Its net worth exceeds **10% of the consolidated net worth** of the Company and its subsidiaries in the immediately preceding accounting year

The Board may revise the threshold limits from time to time in line with regulatory requirements.

#### **5. Governance Framework for Material Subsidiaries**

- At least **one Independent Director** of the Company shall be appointed as a director on the Board of an unlisted material subsidiary.
- The Company shall disclose events or information as covered under Regulation 30 of the SEBI Listing Regulations with respect to subsidiaries, which are material for it.
- The Audit Committee of the Company shall review the financial statements, investments, and significant transactions of material subsidiaries.
- The minutes of Board meetings of unlisted material subsidiaries shall be placed before the Board of the Company.
- The management shall periodically bring to the attention of the Board a statement of all significant transactions and arrangements entered into by the material subsidiary.
- The Company and its unlisted Material Subsidiaries 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 such form as specified, with the annual report of the listed entity

#### **6. Restrictions on Disposal of Shares of Material Subsidiary**

The Company shall not:

- Dispose of 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 50% or cease control, without passing a special resolution in a general meeting, 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 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- Sell, dispose, or lease assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of a special resolution, unless permitted under applicable law.
- Where a listed subsidiary of the Company is itself a holding company of a Material Subsidiary, the provisions of this Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

#### **7. Disclosure Requirements**

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

#### **8. Review and Amendments**

The Board shall review this Policy periodically and may amend it as required to ensure compliance with applicable laws and regulations.

#### **9. Interpretation**

Any words used but not defined in this Policy shall have the same meaning as assigned under applicable laws and regulations. In case of any conflict between this Policy and applicable laws, the provisions of the law shall prevail.