



VST Tillers Tractors Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Introduction:

This Policy has been adopted by the Board of Directors (the "Board") of VST Tillers Tractors Limited (the "Company") at their meeting held on February 01, 2024, for determining material subsidiaries of the Company, in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, on Corporate Governance and subsequent amendments thereto.

This policy may be reviewed, amended and adopted at the discretion of the Board of Directors from time to time.

Purpose of this policy:

The purpose and objective of this policy is to determine Material Subsidiary of VST Tillers Tractors Limited.

The policy has been framed in accordance with the requirements of Regulation 16(1)(c) read with Regulation 24 of SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 ("the Listing Regulations") and is aimed at ensuring effective governance of the Company's material subsidiaries.

Definitions:

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the 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 made/issued thereunder, as amended, from time to time.

"Audit Committee" means a committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

"Company" means VST Tillers Tractors Limited.

"Holding Company" means a Company as defined under clause 2(46) of the Act.

"Subsidiary Company/Subsidiary" means a Company as defined under clause 2(87) of the Act, .

"Material Subsidiary" means a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

"Material Non Listed Indian Subsidiary" means a material subsidiary which is incorporated in India and not listed on any Stock Exchanges.

“Independent Director” means a Director of the Company who meets the eligibility criteria laid down under the Sec 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

“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.

Key provisions under the Policy:

- At-least one independent Director on the Board of the Company shall be a director on the Board of the unlisted material subsidiary, whether incorporated in India or not. Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in this Policy, the term “material subsidiary” shall mean 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.
- The Audit Committee of the Company shall review the Financial Statements, in particular the investments made by the unlisted subsidiary company.
- The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed periodically before the Board of Directors of the listed holding Company.
- A statement of all significant transactions and arrangements entered into by the unlisted subsidiary company shall be periodically placed before the Board of Directors of the listed holding Company.
- The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- 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 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 Recognised Stock Exchanges within 1 day of the Resolution plan being approved.
- Every Material Non-Listed Indian Subsidiary shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the Company.
- The Management shall present to the Audit Committee at a closure of every financial year or as may be necessary, a list of material subsidiaries and details of materiality therein. The Audit Committee shall review the same and make suitable recommendation to the Board of Directors of the Company regarding appointment of Independent Director of the Company on the Board of such subsidiaries.

Disclosures:

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report as required under Schedule V to the Listing Regulations.

Revision & Amendment:

This Policy is subject to revision/amendments in accordance with the guidelines as may be issued by the Ministry of Corporate Affairs, SEBI or other regulatory authority(ies) from time to time, on the subject matter. Accordingly, the Company reserves the right to alter, modify, add, delete, or amend any of the provisions of this Policy.

In the event, any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, the Act, or other regulatory provisions, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts shall prevail over the clauses of this Policy.