



POLICY FOR DETERMINING MATERIAL
SUBSIDIARIES
OF
APOLLO PIPES LIMITED





INTRODUCTION

Explanation to regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires every listed company to formulate a policy for determining a “material” subsidiary and Regulation 46(2)(h) of the Listing Regulations requires each listed company to publish such policy under a separate section on its website.

The Board of Directors of the Company may amend this policy from time to time provided such amendments are in line with the Listing Regulations.

SCOPE AND EXCLUSION

The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity, in the following manner:

- (i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.
 - (ii) Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by users.
 - (iii) Minutes of the meeting shall be maintained explicitly recording dissenting opinions, if any.
- This Policy sets out the criteria for determining material subsidiary / subsidiaries.

OBJECTIVE

The objective of this Policy is to determine:

- i) Meaning of Material Subsidiary;
- ii) Restriction on disposal of shares of Material Subsidiary by the Company;
- iii) Restriction on transfer of assets of Material Subsidiary; and
- iv) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company

DEFINITIONS

- 1.1. “**Act**” means the Companies Act 2013 as may be amended from time to time.
- 1.2. “**Board of Directors**” or “**Board**” means the Board of Directors of Apollo Pipes Limited, as constituted from time to time.
- 1.3. “**Company**” means Apollo Pipes Limited.
- 1.4. “**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 other criteria for independence under the Act and LODR.
- 1.5. “**Subsidiary**” means a subsidiary as defined under the Act and Rules made there under.



- 1.6. **“Control”** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner
- 1.7. **“Significant Transaction and Arrangement”** means 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 Unlisted Subsidiary for the immediately preceding accounting year.

Any other term not defined herein shall have the same meaning as defined under the Act, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable laws or regulations.

POLICY

A subsidiary shall be considered as Material if –

- the 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 shall mean a subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges

A list of such Material subsidiaries and Material non-listed Indian subsidiaries shall be presented to the Audit Committee annually for its noting.

REQUIREMENT REGARDING MATERIAL SUBSIDIARY

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

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- 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 in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.



ADDITIONAL REQUIREMENT FOR MATERIAL NON-LISTED SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed subsidiary company.

For the purposes of this requirement, “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.

SIGNIFICANT TRANSACTIONS / ARRANGEMENTS OF UNLISTED SUBSIDIARY COMPANIES

The management should periodically bring to the attention of the Board a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary in the format similar to the format prescribed in the relevant accounting standards for the purpose of disclosure of related party transactions on a consolidated basis,.

REQUIREMENT REGARDING UNLISTED SUBSIDIARY COMPANY

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company. The management of the Company shall annually present to the Board the list of Material Subsidiaries and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

EXPLANATION

The term “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 unlisted subsidiary for the immediately preceding accounting year.

AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

*** This policy has been approved by the Board of Directors of the Company on 30.03.2019.**

** The erstwhile Policy for determining Material Subsidiaries stands replaced by this Policy w.e.f. April 01, 2019.*