



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES
OF
APOLLO PIPES LIMITED

Version	Revision Date	Approved by	Date of Approval
1st Version	-	Board of Directors	01.04.2019
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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 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

Except where otherwise specifically provided, a subsidiary shall be considered as Material if –

- the turnover or net worth exceeds ten percent of the consolidated turnover 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

SPECIFIC COMPLIANCE REQUIREMENT REGARDING MATERIAL SUBSIDIARY

- ✓ 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 shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company.
- ✓ The Company shall disclose all events with respect to its Subsidiaries which are material for the Company.
- ✓ Every unlisted material subsidiary incorporated in India shall undertake secretarial audit as referred under Section 204 of the Act by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and the secretarial audit report shall be annexed with the annual report of the Company.
- ✓ The Company shall appoint at least 1 (one) of its independent directors on the board of directors of its unlisted Material Subsidiary, whether incorporated in India or not. For the purpose of this para, the term 'Material Subsidiary' shall mean a subsidiary whose turnover or net worth exceeds 20% (twenty per cent) of the consolidated turnover or net worth respectively, of the Company and its



subsidiaries in the immediately preceding accounting year.

- ✓ The following items of subsidiary should be brought to the Company's Board:
 - All items of Governance;
 - All items of policy;
 - All items which are not in the ordinary course of business;
 - All items where special resolution is to be passed;
 - All Appointments of Executive Directors and above.
- ✓ The nominee directors of the Company on the Board of subsidiary company should apprise to the Board of the Company about the activities of the respective subsidiary company from time to time. Further, they should bring all matters/ items of subsidiary companies to the knowledge of the Company's Board, which are not in ordinary course of business and in the opinion of such nominee directors, requires the attention of the Company's Board.

DISPOSAL OF 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 or equal to 50%;
- 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 permitted in the Listing Regulations.

Nothing contained in this clause shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the listed entity."

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. 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.