

AVSL INDUSTRIES LIMITED

POLICY FOR DETERMINING

MATERIAL SUBSIDIARIES

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1. INTRODUCTION

The Board of the Directors of AVSL Industries Limited (the “Company”) had initially approved and adopted the “Policy for Determining Material Subsidiary” (“Policy”) of the Company inter-alia a ‘**Material**’ Subsidiary.

This policy is primarily based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, and is primarily intended to ensure compliance with the LA.

2. OBJECTIVE

The purpose of this Policy is to determine Material Subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

This Policy is framed in accordance with the requirement of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof). The Company is required to disclose the policy on its website.

3. DEFINITIONS

- a) “**Act**” means Companies Act, 2013 & the Rules made there under.
- b) “**Board**” or “**Board of Directors**” means the Board of Directors of “**AVSL INDUSTRIES LIMITED**”.
- c) “**Company**” means “**AVSL INDUSTRIES LIMITED**”.
- d) “**Independent Directors**” means an Independent Director referred to in Section 149(6) of the Companies Act, 2013 and ICDR Regulations
- e) “**Audit Committee**” means the committee of the Board of Directors of the Company under the provisions of Section 177 of the Companies Act 2013 and Regulation 18 of the LODR Regulations.
- f) “**Material Subsidiary**” a subsidiary shall be considered as material whose income or net worth exceeds ten percent of its consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.
- g) “**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.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the LODR, Securities Contract (Regulation) Act, 1956 and other application law or regulation.

4. POLICY

4A: Identification of material subsidiary company

A subsidiary company shall be considered as material whose income or net worth exceeds ten percent of its consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.

4b: Compliances with respect to subsidiary companies (including material subsidiary Companies)

- a) At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the unlisted material subsidiary, whether incorporated in India or not.
- B) The Audit Committee of the Company shall review the financial statements of Subsidiary Companies and, in particular, the investments made by the unlisted subsidiary company.
- C) The minutes of the Board Meetings of the unlisted subsidiary Companies shall be placed at the Board meeting of the Company. The management of the Company shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies.
- d) The company shall include particulars of its subsidiary companies in its annual return;
- e) The company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;

4C: Compliance with respect to Material Subsidiary Companies

The company without passing special resolution in its general meeting shall not:

- Dispose shares in its material subsidiary without reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% 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.
- Sell, dispose or leasing of 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 Court/Tribunal.

5. COMPLIANCE WITH RESPECT TO MATERIAL NON-LISTED INDIAN SUBSIDIARY COMPANIES

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.

6. DISCLOSURES

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

7. AMENDMENT

The Policy may be amended by the Board from time to time as and when deemed appropriate.