

VLS Finance Limited
Policy on Material Subsidiaries

The Board of Directors (the “Board”) of VLS Finance Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. This Policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

Objective

To determine the Material unlisted Subsidiaries of VLS Finance Limited and to provide the governance framework for such subsidiaries.

Policy

1. An unlisted subsidiary incorporated in India shall be a Material Subsidiary, if any of the following conditions are satisfied:
 - a. The networth of subsidiary (i.e. paid up capital and free reserves) exceeds 20% of consolidated net worth of VLS Finance Limited as per the audited balance sheet of the previous financial year; or
 - b. Such subsidiary has generated more than twenty per cent of the consolidated income of the VLS Finance Limited during the previous financial year.
2. One Independent Director of the Company shall be a director on the Board of the Material Subsidiary.
3. The management shall on an annual basis present to the Audit Committee the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Subsidiary.
4. The Audit Committee of the Board of the Company shall from time to time review the financial statements, in particular, the investments made by the material subsidiary.
5. The minutes of the Board Meetings of the material subsidiary company(s) shall be periodically placed before the Board of the Company.
6. A statement of all Significant Transactions and Arrangements entered into by the material subsidiary company shall be periodically laid before Board of Directors for information.

Disposal of Material Subsidiary

VLS Finance Limited, without the prior approval of the members by Special Resolution, shall not:

- a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. cease the exercise of control over such Subsidiary; or
- c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary.

AMENDMENTS :

The Board of Directors may amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. In case of amendments in statutory provisions/regulations, the relevant portion of policy inconsistent with provisions shall be deemed to have been modified from the date such statutory provision would become effective subject to review by the Board in regular course.