

A. K. CAPITAL SERVICES LIMITED

CIN: L74899MH1993PLC274881

Policy for determining Material Subsidiaries

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A. K. CAPITAL SERVICES LIMITED

This Policy shall be called **“Policy for Determining Material Subsidiaries”**.

1. OBJECTIVE:

- a. The objective of the Policy is to determine the Material Subsidiaries of A. K. Capital Services Limited (**“AKCSL”**) and to ensure governance of Material Subsidiary companies.
- b. The Policy is framed in accordance with the requirement of the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“Listing Regulations”**) (including any amendments or re-enactment thereof).
- c. The Company is required to disclose the Policy on its website and a web link thereto shall be provided in the Annual Report.

This Policy may be amended from time to time and is subject to

- (i) Amendments to the Companies Act, 2013 (**“Act”**);
- (ii) Further guidance from SEBI;
- (iii) Consequential actions taken by the Board of Directors or the Audit Committee of the Company;
- (iv) Amendments in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“Listing Regulations”**).

2. DEFINITIONS:

All the words and expressions used in the Policy, unless defined hereafter, shall have meaning respectively assigned to them under Listing Regulations and in absence of its definition or explanation therein, as per the Act and Rules, Notifications and Circulars made/ issued thereunder, as amended, from time to time.

- a. **“Audit Committee”** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Act and Regulation 18 of Listing Regulations including any statutory modification(s) or re-enactment(s) thereof.
- b. **“Board of Directors”** or **“Board”** means the Board of Directors of A. K. Capital Services Limited, as constituted and amended from time to time.
- c. **“Company”** means A. K. Capital Services Limited (**“AKCSL”**)
- d. **“Independent Director”** means a director of the Company, as appointed in terms of Section 149 of the Act and who also satisfies the criteria of Independence as mentioned in the Act and Listing Regulations.
- e. **“material subsidiary”** shall mean a subsidiary as defined under Regulation 16(1)(c) of the Listing Regulations.
- f. **“Net worth”** means Net-worth as defined in sub-section (57) of section 2 of the Act.
- g. **“Policy”** means Policy for Determining Material Subsidiaries.

- h. ***“Significant Transaction or 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.
- i. ***“Subsidiary”*** shall mean a Subsidiary as defined under Section 2(87) of the Act and the Rules made thereunder.

3. DETERMINATION OF MATERIAL SUBSIDIARY:

Based on the audited annual consolidated financial statements of the Company and its subsidiaries, a subsidiary of the Company shall be treated as a ‘material subsidiary’ if:

- a. The turnover of such subsidiary exceeds 10% of the consolidated turnover of the Company and its subsidiaries in the immediately preceding accounting year (the year to which the financial statements pertain to); or
- b. The net worth of such subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year (the year to which the financial statements pertain to).

Provided that in case of any amendment to the criteria of determination pursuant to any change in applicable law or interpretation thereof, the determining criteria mentioned above shall stand changed in accordance with the same.

4. GOVERNANCE FRAMEWORK:

- a. At least one Independent Director on the board of directors of the Company shall be a director on the board of directors of an unlisted Material Subsidiary, whether incorporated in India or not.

For the purposes of this requirement, the term “material subsidiary” means a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- b. The Audit Committee of the AKCSL shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c. The Minutes of the meetings of the Board of Directors of the unlisted subsidiaries shall be placed on a quarterly basis at the Board Meeting of AKCSL.
- d. The management of the unlisted subsidiary shall on a quarterly basis bring to the attention of the Board of Directors of AKCSL, a statement of all significant transactions or arrangements entered into by the unlisted subsidiaries.

5. DISPOSAL OF MATERIAL SUBSIDIARY:

AKCSL, 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 or equal to 50%; or

- b. ceases the exercise of control over the Subsidiary; or

This provision will not be applicable in case 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- c. Sell, dispose or lease the assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year, 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

However, the provisions of this sub-regulation shall not be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

6. SECRETARIAL AUDIT AND STATUTORY AUDITOR OF MATERIAL SUBSIDIARY:

Every Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with annual report of AKCSL, a secretarial audit report, given by a Peer Reviewed Company Secretary in practice, with effect from the year ended March 31, 2022. Statutory auditor of material subsidiary shall comply with SEBI circular dated October 18, 2019.

7. DISCLOSURE

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

8. AMENDMENTS:

The Board of Directors of the Company may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

In the event of any conflict between the provisions of this Policy and of the Act or Regulations or any other statutory enactments, rules, the provisions of such Act or Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
