

**ADVIK CAPITAL LIMITED**

**CIN: L65100DL1985PLC022505**

**POLICY FOR DETERMINING  
MATERIAL SUBSIDIARIES**

## **I. INTRODUCTION**

The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof as required under the Statute Law/ rules /regulations. The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/ arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

## **II. SCOPE AND OBJECTIVE**

The Policy is framed in accordance with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof) and any other laws and regulations as may be applicable to the Company.

The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and primarily intended to ensure the governance and reporting of transactions between the Company and its subsidiary companies and to provide a governance framework for such material subsidiaries.

The objective of this Policy is to determine:

- (a) meaning of Material Subsidiary
- (b) requirement of Independent Director in certain unlisted material subsidiaries, incorporated in India or not
- (c) Restriction on disposal of shares of Material Subsidiary by the Company
- (d) Restriction on transfer of assets of Material Subsidiary and
- (e) disclosure requirements, under the Listing Regulations, as amended, and any other laws and regulations as may be applicable to the Company.

## **III. COMPLIANCE OFFICER**

The Company shall, from time to time, designate an employee of sufficient seniority, competence and independence as the Compliance Officer to ensure compliance with the provisions of this Policy and the same shall be notified to the Designated Persons. Compliance of this Policy shall be the responsibility of the Company Secretary and Chief Legal Officer (Corporate & Compliance) of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

#### IV. DEFINITIONS

“**Act**” means the Companies Act, 2013, as amended from time to time.

“**Applicable laws**” means Securities Laws, Listing Regulations and other laws and statutes applicable to the Company.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act, 2013 or Listing Agreement with the Stock Exchanges, as applicable.

“**Board**” means board of directors of the Company as constituted from time to time.

“**Company**” means Advik Capital Limited

“**Independent Director**” means a director of the Company, not being a Managing Director & CEO, 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 Companies Act, 2013 and the Listing Regulations with the Stock Exchanges.

“**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.

“**Policy**” or “**This policy**” means policy on determination of material subsidiary.

“**SEBI Listing Regulations**” means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended

“**Significant Transaction or Arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

“**Subsidiary / Subsidiary Company**” means a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and the rules made thereunder. Where a listed holding Company has a listed subsidiary, which is itself a holding Company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

“**Year**” means financial year.

Any other term not defined here in shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

## **V. PROVISIONS WITH REGARD TO SUBSIDIARY COMPANIES**

1. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.
2. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed at the meeting of the board of directors of the listed entity.
4. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

## **VI. DISPOSAL OF SHARES OR ASSETS OF MATERIAL SUBSIDIARY COMPANY:**

- (a) A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent 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, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- (b) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

## **VII. MISCELLANEOUS**

1. Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Articles of Association of the Company and /or the Companies Act, 2013 or Rules made thereunder.

2. In case of any doubt, ambiguity, dispute or difference arise out of the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Committee, if formed, otherwise board and the decision of such Committee/ Board in such case shall be final.
3. 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.
4. This Policy shall come into force on the date it is approved by the Board of the Company. i.e. with effect from January 17, 2022

#### **VIII. POLICY REVIEW AND AMENDMENTS**

1. Company's Committee will monitor the effectiveness and review the implementation of this Policy, considering its suitability, adequacy and effectiveness.
2. Company reserves the right to vary and/or amend the terms of this Policy from time to time.

#### **IX. DISCLOSURES**

The policy shall be disclosed in the Board Report, Annual Report, website of the Company i.e [www.advikgroup.com](http://www.advikgroup.com) and such other places as may be required by the Act and rules framed thereunder, Equity Listing Agreement entered into with the stock exchanges (including any statutory modification(s) or reenactment thereof) and such other laws for the time being force.

#### **X. DISCLAIMER**

1. The Policy does not in any way restrict the provisions of the Companies Act, related rules and Regulations or any other statutory laws.
2. Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.

**Annexure**

**Document Control Section**

Document Name	
Abstract	
Security Classification	
Location	

**Authorization**

<b>Document Author</b>	<b>Document Owner</b>	<b>Reviewed By</b>	<b>Approved By</b>

**Review and Amendment Log**

<b>Version</b>	<b>Modification Date</b>	<b>Section</b>	<b>Amendment/ Modification/Deletion</b>	<b>Brief Description of Change / Review</b>