POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

EMKAY GLOBAL FINANCIAL SERVICES LIMITED

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EMKAY GLOBAL FINANCIAL SERVICES LIMITED

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➢ Introduction

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations") lays out regulatory requirements for material subsidiary companies

In compliance with SEBI Listing Regulations, the Board of Directors **(the "Board"**) of Emkay Global Financial Services Limited (**the "Company"**) in its Board meeting held on 31st October 2014 had adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 ("Act") and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

➢ POLICY OBJECTIVE

The Objective of this Policy is to:

a. Determine the Material Subsidiaries of the Company;
b. Requirement of the appointment of Independent Directors of the Company on the Board of Unlisted Material Subsidiaries;
c. Restriction on disposal of shares of Material Subsidiaries;
d. Restriction on Selling, Disposing and Leasing of assets of Material Subsidiary;
e. Secretarial Audit of Material Unlisted Subsidiaries incorporated in India;
f. Disclosure requirements prescribed under the SEBI Listing Regulations; and

g. Governance Framework for such material subsidiaries.

- **DEFINITIONS**

"**Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, in accordance with section 177 of the Act and Regulation 18 of the SEBI Listing Regulations.

"Board of Director" or **"Board"** means the Board of Directors of Emkay Global Financial Services Limited, as constituted from time to time.

"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 the SEBI Listing Regulations.

"Policy" means Policy for determining Material Subsidiaries.

"Material Subsidiary" shall mean subsidiary, whose turnover or net worth exceeds ten per cent (10%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"Significant Transaction or Arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent (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.

"Subsidiary" shall be as defined under the Act, and the Rules made thereunder.

- **DETERMINATION OF MATERIAL SUBSIDIARY:**

A Subsidiary of the Company shall be considered as a 'Material Subsidiary', if the turnover or net worth of the Subsidiary exceeds ten per cent (10%) of consolidated turnover or net worth respectively of the Company and its subsidiaries as per the audited financial statements of the immediately preceding accounting year.

The Company shall, on formation of a Subsidiary, at the end of every year, determine whether the Subsidiary falls under the criteria for Material Subsidiary as defined above.

In case the Subsidiary falls under such criteria, the same is to be reported to the Audit Committee and Board for its noting at the first instance.

- **GOVERNANCE FRAMEWORK:**

1. At least One (1) **Independent Director** of the Company shall be a director on the Board of the unlisted Material Subsidiary Company whether incorporated in India or not.

   Only for the purposes of this provision, notwithstanding anything to the contrary contained in the SEBI Listing Regulations, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent (20%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

2. The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty per cent (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 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.

   Selling, disposing and leasing of assets amounting to more than twenty percent (20%) 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.

3. Nothing in above provision shall apply if such a sale, disposal or lease of assets is between the two-wholly owned subsidiaries of the Company.

4. Every material unlisted subsidiary incorporated in India shall undertake a secretarial audit by a secretarial auditor who shall be peer reviewed company secretary and shall annex the secretarial audit report in such form as specified, with the annual report of the Company.

5. The Company shall present to the Audit Committee and Board of Directors of the Company annually a list of such material subsidiaries together with the details of materiality defined herein.

6. Where a listed subsidiary of the Company itself is a holding company of a Material Subsidiary, the provisions of this Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

- **DISCLOSURES**

The Policy for determining material subsidiaries shall be uploaded on the website of the Company and a Web link thereto shall be provided in the Annual report.

The Company shall disclose all events and information originating from a subsidiary which is material for the Company irrespective of whether such a subsidiary is material or not, in accordance with Regulation 30(9) of the SEBI Listing Regulations.

- **LIMITATION AND AMENDMENT**

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