



## **G.K. CONSULTANTS LIMITED**

### **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

#### **1. INTRODUCTION**

The Board of Directors of G.K. Consultants Limited has adopted the following policy and procedures regarding determination of Material Subsidiaries.

Clause 49 (V) (D) under the Listing Agreement with the Stock Exchanges ('Listing Agreement') extends certain principles of corporate governance to material subsidiaries of listed Companies.

The Policy is framed pursuant to the revised clause 49 of Listing Agreement (including amendments made thereto) made effective from October 1, 2014 and intended to ensure governance of the Material subsidiary Companies.

In terms of Regulation 16(1)(c) of the Regulations, the Company was required to formulate and implement a policy for determining 'material' subsidiaries. The Board of Directors of G.K. Consultants Limited (the "Company") had adopted the Policy for determining for Material Subsidiary(ies) and procedures with regard to determination of material subsidiary (ies). At the time of formulating the Policy, the Company had no material subsidiaries and there was no immediate applicability. However, the Policy was devised in order to cater to the needs of the Company in future when the Company would have a material subsidiary(ies).

Further based on the recommendation of the SEBI Committee on Corporate Governance which was formed on 2nd June, 2017 under the Chairmanship of Mr. Uday Kotak, with the aim of improving standards of corporate governance of listed companies in India, SEBI brought in the amendment and modified the existing Regulations based on the recommendations of SEBI Committee through SEBI (Listing Obligation and Disclosure Requirements) (Amendment) Regulations, 2018 dated 9th May, 2018 read with SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018 dated 31st May, 2018 ("Amended Regulations").

Further in order to effect the amendments as notified in the above Amended Regulations to this Policy, the Board of Directors of the Company approved and adopted the revised 'Policy for Determining Material Subsidiary(ies)' on 30th March, 2019.

## 2. OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 "SEBI (LODR)" (including any amendments thereof).

## 3. DEFINITIONS

- a) "**Act**" means the Companies Act 2013 as may be amended from time to time
- b) "**Board of Directors**" or "**Board**" means the Board of Directors of G.K. Consultants Limited, as constituted from time to time.
- c) "**Company**" means G.K. Consultants Limited.
- d) "**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 Companies Act, 2013 and the SEBI (LODR).
- e) "**Subsidiary**" means a subsidiary as defined under the Act and Rules made there under.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (LODR), Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

## 4. POLICY

- A subsidiary shall be considered as Material if -

the 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

- **Material Non-Listed Indian Subsidiary** shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

A list of such Material subsidiaries and Material Non-Listed Indian Subsidiaries, if any shall be presented to the Audit Committee annually for its noting.

## **5. REQUIREMENT REGARDING MATERIAL SUBSIDIARY**

The Company, without passing a special resolution in its General Meeting, shall not:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- sell, dispose or lease the 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 arrange
- ment duly approved by a Court/Tribunal.

## **6. ADDITIONAL REQUIREMENT FOR MATERIAL NON-LISTED INDIAN SUBSIDIARY**

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.

For the purposes of this requirement, “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.”

## **7. REQUIREMENT REGARDING UNLISTED SUBSIDIARY COMPANY**

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- The Management 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 company.

Explanation: The term “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.

## **8. AMENDMENTS**

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

Policy Adopted on September 30, 2014

Revised on November 9, 2015

Revised on August 13, 2018

Further Revised on March 29, 2019

Further Revised on May 29, 2021

## **9. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the SEBI (LODR)/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of SEBI (LODR) / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.