

AKUMS DRUGS & PHARMACEUTICALS
LTD.

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES



AKUMS DRUGS & PHARMACEUTICALS LTD.

Regd. Office : 304, Mohan Place, L.S.C., Block – C, Saraswati Vihar, Delhi – 110034

**Corporate Office : Akums House, Plot no. 131 to 133, Block –C,
Mangolpuri Industrial Area, Phase – 1, Delhi – 110083**



Reviewed and Updated by the board on 24.08.2024

1. Introduction

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) the Board of Directors (“Board”) of Akums Drugs & Pharmaceuticals Ltd. (“AKUMS” or the “Company”) has adopted the following policy with respect to the determination of Material Subsidiaries.

2. Policy Objective

The objective of this policy is to lay down criteria for identification and dealing with Material Subsidiaries and to formulate a governance framework for subsidiaries of the Company.

3. Definitions

- i. “Act” means Companies Act, 2013.
- ii. “Audit Committee” means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- iii. “Board of Directors” or “Board” means the “Board of Directors” of Akums Drugs & Pharmaceuticals Ltd., as constituted from time to time.
- iv. “Company” means Akums Drugs & Pharmaceuticals Ltd.
- v. “Independent Director” means a Director of the Company, not being a Managing or Whole-Time Director or a Nominee Director and who is neither a Promoter nor belongs to the Promoter Group of the Company and who satisfies the criteria of independence as prescribed under the provisions of the Companies Act 2013 (including the rules prescribed thereunder) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (including

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any statutory modification(s) or re-enactments thereof for the time being in force).

- vi. “Material Subsidiary” It shall mean a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively of Akums Drugs & Pharmaceuticals Ltd & its subsidiaries in the immediately preceding accounting year.
- vii. “Unlisted Subsidiary” shall mean a subsidiary not listed on the recognized Stock Exchanges.
- viii. “Policy” means this Policy, as amended from time to time.
- ix. “Significant Transaction or Arrangement” shall mean 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 Company for the immediately preceding accounting year.
- x. “Senior Employee” shall mean and included an employee working with Akums Drugs & Pharmaceuticals Ltd or with any of its subsidiaries and is either a relative of directors or by qualification he / she has passed CA, CS, CMA, MBA, LLB and has at least total experience of 5 years.
- xi. “Subsidiary” shall mean a subsidiary as defined under the Act and the rules made thereunder.



4. PROVISIONS WITH REGARD TO MATERIAL AND OTHER SUBSIDIARY COMPANIES

- a. One senior employee shall be a common director on the Board of directors of all subsidiaries.

Another senior employee shall be common director in all subsidiaries which are not material subsidiaries

Such a director shall be present in the Audit Committee whenever called.

- b. The Audit committee shall in respect of all subsidiaries periodically review :

- (i) Summary of Financial statements
- (ii) Performance vis a vis budget and reasons for variation
- (iii) MIS containing other details as may be required by the committee

- c. The Audit committee shall also periodically review

- (i) Investments made by the company in subsidiaries
- (ii) Loans given / Loans refunded by the subsidiaries
- (iii) Any significant transaction or arrangement

- d. The Audit Committee shall on an annual basis review the list of all subsidiary companies of the Company for determining/considering their materiality, as defined herein, and make suitable recommendations.

- e. Efforts be made to make all subsidiaries as wholly owned subsidiaries

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- f. Efforts be made to reduce the number of subsidiaries and subsidies of subsidiaries by amalgamation or merger.
- g. To close / get the names strike off / hive off the companies which are not making profit or are not functioning or are not required. However, three year moratorium should be given to new start up / newly acquired companies.
- h. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed company.
- i. 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 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;
- j. The Company shall not sell, dispose and lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without passing special resolution in its General Meeting 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.
- k. Independent Director on the Board of a unlisted Material subsidiary : At least one Independent Director on the Board 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 provision, notwithstanding anything to the contrary contained in Regulation 16, the term “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.

5. Amendment(s)

The Board of Directors may review or amend this policy, in whole or in part, from time to time, based on the recommendations of the Audit Committee and as per the requirements of the Act or Regulations or guidelines and any such other enactments/rules as may be applicable.

6. Disclosures

The Policy need not be disclosed on the Company's website and a weblink thereto or reported in the Annual Report of the Company.

7. Interpretation

In the event of any conflict between the provisions of this Policy and the Act or Regulations or any such other statutory enactments/ rules, as applicable shall prevail over this Policy.