



API HOLDINGS LIMITED

POLICY ON DETERMINING MATERIAL SUBSIDIARIES

Policy Name	Policy on determining Material Subsidiaries
Version Number	1
Effective Date	Shall become effective from the date of the listing of securities of the Company
Approved By	Board vide meeting dated 28 th October 2021

POLICY ON DETERMINING MATERIAL SUBSIDIARIES (“Policy”)

1. PURPOSE OF THE POLICY

This Policy for determining material subsidiary companies (“**Policy**”) has been framed in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and other applicable provisions (including any statutory enactments / amendments thereof).

The purpose of this Policy is determination of material subsidiaries of API Holdings Limited (“**Company**”) and disclosure thereof as required under the Listing Regulations and providing governance framework for such subsidiaries.

Reference to statutory provisions or regulations shall be construed as meaning and including references to any amendment or re-enactment and any amendments to any statutory provisions or regulations or clarifications applicable to the Policy shall automatically be deemed to be included in the Policy, without any further amendment of the Policy by the Board or relevant committee of the Board. The Policy shall be effective from the date of listing of securities of the Company.

2. DEFINITIONS

- a. “**Audit Committee**” implies the audit committee constituted by the Board of Directors of the Company from time to time under provisions of the Companies Act, 2013 and Listing Regulations.
- b. “**Board**” implies Board of Directors of the Company.
- c. “**Companies Act (“Act”)**” means the Companies Act, 2013 and the rules made there under.
- d. “**Control**” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.
- e. “**Directors**” implies all the Directors on the Board.
- f. “**ED**” implies Executive Director of the Company.
- g. “**Independent Director**” or “**ID**” means a director who satisfies the criteria of independence as prescribed under the Act, the rules made thereunder and the Listing Regulations.
- h. “**Material Subsidiary**” means unless specified otherwise under the Listing Regulations, a subsidiary whose income or net worth exceeds 10% (Ten) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- i. “**Unlisted Material Subsidiary**” means a Material Subsidiary, incorporated in India, whose shares are not listed on any stock exchange.
- j. “**Significant Transaction or Arrangement**” for the purpose of this policy shall imply 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.
- k. “**Subsidiary**” shall have the same meaning as defined under the Act.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law

or regulation and the rules, notifications and circulars made/issued thereunder, as amended, from time to time.

3. OBJECTIVE OF THE POLICY

The objective of this Policy is to determine the:

- a. Material Subsidiary;
- b. Provide a governance framework for such material subsidiaries.
- c. Requirement of ID in certain unlisted material subsidiaries.;
- d. Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

4. IDENTIFICATION OF MATERIAL SUBSIDIARY

The Audit Committee shall, on an annual basis, review such details/information as may be required to determine the 'Material Subsidiaries'.

5. GUIDING PRINCIPLES

"Material Subsidiary" and "Unlisted Material Subsidiary" of the Company would be identified, if any, as a one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification should happen soon after preparation of annual accounts and the outcome should be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

6. GOVERNANCE FRAMEWORK

- a. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary companies.
- b. The minutes of the Board Meetings of the unlisted Subsidiary companies shall be placed before the meeting of the Board of the Company.
- c. The management shall annually bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary companies.
- d. One ID of the Company shall be a director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

For the purpose of this clause and notwithstanding anything to the contrary to this Policy and to the Listing Regulations, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- e. The material unlisted subsidiaries incorporated in India, shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the Company.

7. REPORTING AND DISCLOSURE

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

8. REVIEW OF THE POLICY

The Board of Directors of the Company subject to applicable laws, may amend, suspend, or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors. The Board of Directors or such committee may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law such applicable law in force from time to time shall prevail over this Policy.

Any amendments to the Listing Regulations shall mutatis mutandis be deemed to have been incorporated in this Policy.

9. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Board of Directors of the Company.

Approved by the Board of Directors at their meeting held on October 28, 2021.