



# SATIA INDUSTRIES LIMITED

## Policy on Determining Material Subsidiary

### **PREAMBLE**

**Regulation 16** of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR)”], requires a listed company to frame a policy for determining a “material” subsidiary, which shall be hosted on the website of the Company and the web link of the same is to be disclosed in the section titled as ‘Corporate Governance Report’ of the Annual Report of the Company.

**SATIA INDUSTRIES LIMITED** has, in accordance provisions of SEBI (LODR) Regulations, 2015 and other applicable provisions (including any statutory enactments/ amendments thereof), adopted the following policy for laying down criteria for determining "material subsidiary (ies)" and their governance. The policy is intended to augment and work in conjunction with regulatory provisions and other Company policies.

### **OBJECTIVE**

The objective of this policy is to: -

- to determine the material subsidiary(ies) of Satia Industries Limited “The Company”; and –
- to provide governance framework for such subsidiaries.

### **DEFINITIONS**

“**Act**” means the Companies Act, 2013, rules framed there under and any amendments thereto;

“**Audit Committee**” means the committee formed under Section 177 of the Companies Act, 2013 and Rules made thereunder.

“**Board**” shall mean Board of Directors of Satia Industries Limited, as constituted from time to time.

**“Company”** The words “This Company”, “The Company”, “Company” wherever occur in the policy shall mean **“Satia Industries Limited”**.

**“Independent Director”** shall mean a Director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

**“Subsidiary”** means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013 and Rules made thereunder.

**“Material Subsidiary”** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income 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 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.

#### **CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY**

A Subsidiary shall be considered as material if its turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year (“Material Subsidiary”).

#### **COMPLIANCES UNDER REGULATIONS**

- 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.

Explanation- For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- 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 entity.

- 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.

Explanation: For the purpose of this regulation, 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.

- 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 Listed Entity.

### **DISPOSAL OF MATERIAL SUBSIDIARY**

The Company without the approval, or prior approval, as the case may be, of the members by Special Resolution 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 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.
- Sell, dispose and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year, 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.

### **DISCLOSURES**

The Policy for Determining Material Subsidiaries shall be Disclosed on the website of the Company ([www.satiagroup.com](http://www.satiagroup.com))

## **DISCLAIMER**

By reason of any change in the Act/ and or Regulations which leads to any inconsistency or ambiguity between the policy and the Act/Regulations, the amended Acts/Regulations as issued by Respective Authorities shall prevail in this regard.

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