

## SWASTIKA INVESTMART LIMITED

### POLICY FOR DETERMINING MATERIAL SUBSIDIARY COMPANIES

#### 1. Introduction

The Policy for determining subsidiary company has been framed in accordance with the provisions of Regulations 16(1)(c) and Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

The Policy will be used to determine the “Material Subsidiary (ies) of the Company” and to provide the Governance Framework for such Subsidiary (ies).

#### 2. Objective

This Policy is framed and adopted to determine the “Material Subsidiary (ies) of the Company” and to provide the Governance Framework for such Subsidiary (ies). In determining whether or not a subsidiary of the Company is or has become a material subsidiary, the Company shall be guided by and follow this Policy and the applicable provisions of the LODR Regulations. Where there is a conflict between this Policy and the LODR Regulations, the provisions of the LODR Regulations shall prevail in making such determination.

#### 3. Identification of Material Subsidiary

A subsidiary shall be considered as material whose income or net worth exceeds 10% percent of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

#### 4. Governance framework

1. At least one independent director on the board of directors 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 Clause 3 above, 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 company and its subsidiaries in the immediately preceding accounting year.

2. The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
3. 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 Company.

4. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

A transaction or arrangement shall be considered significant if it 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.

5. Company 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 fifty percent 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.
6. Selling, disposing and leasing of assets amounting to more than twenty percent 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.
7. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

#### **5. Policy Review**

The policy shall be subject to review as may be deemed necessary and in accordance with any regulatory requirements.

#### **6. Disclosures**

The Policy shall be placed on the website of the Company.

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