

POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

BACKGROUND:

As per Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to frame a policy for determining 'material' subsidiaries. Additionally, it also provides for certain criteria and compliances with respect to such subsidiaries.

OBJECTIVE:

Systematix Corporate Services Limited ("the Company") has adopted this Policy on Material Subsidiaries (the "Policy") to set forth the procedure for determination of the Material Subsidiaries, Material Non-listed Subsidiaries and to provide governance framework for such subsidiaries.

EFFECTIVE DATE:

This Policy has been adopted by the Board of Directors of Systematix Corporate Services Limited ('the Company') at its Meeting held on February 10, 2025 (The erstwhile Policy stands replaced by this Policy which was effective from February 08, 2019).

DEFINITIONS & INTERPRETATIONS:

In this Policy, unless the context otherwise requires:

- (a) **"Company"** means Systematix Corporate Services Limited.
- (b) **"Act"** means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (c) **"Audit Committee"** shall mean the Audit Committee of the Board of Directors of Systematix Corporate Services Limited by whatever name called framed under the provisions of Act and Listing Regulations.
- (d) **"Board"** shall mean the Board of Directors of Systematix Corporate Services Limited.
- (e) **"Independent Director"** shall mean a director of the Company who satisfies the criteria laid down under Section 149 of the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations.
- (f) **"Net worth"** shall mean an aggregate of "paid up capital" and "free reserves" of the Company.
- (g) **"Regulations" or "Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications or re-enactment thereof.
- (h) **"Significant transaction or arrangement"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of any 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.

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Any word used in this policy but not defined herein shall have the same meaning ascribed to it in the Act, SEBI Act or Rules and Regulations made thereunder, Listing Regulations, Accounting Standards or any other relevant legislation / law applicable to the Company. In case of any dispute or differences between this Policy and provisions of Act / Listing Regulations, the later shall apply.

DETERMINATION CRITERIA:

Subsidiary	A company shall be considered as Subsidiary if it falls within the criteria defined under Section 2(87) of the Act.
Material Subsidiary	A subsidiary shall be considered as “material” subsidiary under the following conditions: (i) if the net worth of the subsidiary exceeds ten per cent of consolidated net worth of the Company in the immediately preceding accounting year; or (ii) if the turnover of the subsidiary exceeds ten per cent of consolidated turnover of the Company in the immediately preceding accounting year.
Material Unlisted Subsidiaries	A subsidiary shall be considered as “material unlisted subsidiary” if it is an unlisted subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

COMPLIANCES WITH RESPECT TO SUBSIDIARIES:

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

COMPLIANCES WITH RESPECT TO MATERIAL SUBSIDIARIES:

1. 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 or equal to 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.

“Control” for this purpose has the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

2. Selling, disposing and leasing 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.

Nothing contained in clause 2 above shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

COMPLIANCES WITH RESPECT TO MATERIAL UNLISTED SUBSIDIARIES:

1. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a Material Unlisted Subsidiary Company.
2. The management of the Unlisted Subsidiary shall, every quarter, bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements, if any entered into by the Subsidiary company.
3. To determine the applicability of Secretarial Audit on material unlisted subsidiaries incorporated in India and to appoint a secretarial auditor, who shall be a Peer Reviewed Company Secretary, to conduct the Secretarial Audit and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity.

Explanation:

(i) "Secretarial Auditor" means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

(j) "Peer Reviewed Company Secretary" means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit holding a valid certificate of peer review issued by the Institute of Company Secretaries of India.

SCOPE AND LIMITATION:

In the event of any conflict between the provisions of this policy and the Listing Regulations/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISCLOSURES AND AMENDMENT:

- a) The policy shall be disclosed on the website of the Company www.systematixgroup.in and a web link thereto shall be provided in the Annual Report of the Company.
- b) The Audit Committee shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.
- c) The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.