

# Policy for Determining Material Subsidiary

Version 1.0

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## Introduction

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This Policy deals with determination of Material Subsidiaries in the SATYA MicroCapital Limited in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') which states that the Company shall formulate a Policy for determining Material Subsidiaries and such Policy shall be disclosed on the Company's website and web-link to be provided in the Annual Report of the Company.

## Definitions

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**“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act 2013 and the Listing Regulations.

**“Board of Director”** or **“Board”** means the Board of Directors of SATYA MicroCapital Limited, as constituted from time to time.

**“SATYA or Company”** means SATYA MicroCapital Limited.

**“Independent Director”** means a director of the Company, as appointed in terms of Section 149 of the Companies Act 2013 and who also qualifies as Independent Director in terms of SEBI (Listing Obligation and Disclosure Requirements).

**“Policy”** means Policy on Material Subsidiary.

**“Material Subsidiary”** shall mean a subsidiary, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of SATYA MicroCapital Limited 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.

**“Subsidiary”** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

## Policy

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1. A subsidiary shall considered to be a **Material Subsidiary**, if:
  - i. The Investment of SATYA in the subsidiary, exceeds 10% of its consolidated net worth as per the audited balance sheet of the previous financial year;
  - OR
  - ii. If the subsidiary has generated 10% of the consolidated income of SATYA during the previous financial year
2. One Independent Director on the Board of SATYA shall be a Director on the Board of the Material unlisted Subsidiary Company, incorporated in India.
3. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
4. The Minutes of the Board Meetings of the unlisted Subsidiary Companies shall be placed before the Board of the Company on a quarterly basis.
5. The management of the unlisted subsidiary company shall periodically bring to the notice of the Board of Directors of SATYA, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
6. The Audit Committee of the Company will review annually the list of material subsidiaries of SATYA on the criteria as provided in this Policy. The Committee to make suitable recommendations to the Board including recommendation for appointment of Independent Director in the unlisted material Indian Subsidiary.
7. SATYA, without the prior approval of the members by Special Resolution, shall not:
  - a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries, if any) to less than 50%; or
  - b. ceases the exercise of control over the Subsidiary;

However, the abovementioned provision at Para 7 above will not be applicable in case 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 and Bankruptcy Code.

c. sell, dispose or lease the assets amounting to more than 20% 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 and Bankruptcy Code.

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