

SWATI PROJECTS LIMITED

CIN: L65993WB1983PLC036332

168-B, JAMUNALAL BAJAJ STREET, KOLKATA-700007

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POLICY ON MATERIAL SUBSIDIARIES OF SWATI PROJECTS LIMITED

1. Introduction

The Board of Directors (the ‘Board’) of Swati Projects Limited (the ‘Company’) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company w.e.f 1st October 2014. This Policy is in terms of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 [SEBI (LODR), 2015]

2. Policy Objective

To determine Material Subsidiaries of Swati Projects Limited and to provide governance framework for such subsidiaries.

3. DEFINITIONS

“**Audit Committee or Committee**” means the “Audit Committee” constituted by the Board of Directors of the company, under the provisions of Regulation 18 of SEBI (LODR), 2015 and Section 177 of the Companies Act, 2013.

“**Board of Directors**” or “**Board**” means the Board of Directors of Swati Projects Limited, as constituted from time to time.

“**Company**” shall mean Swati Projects Limited. “**Independent Director**” means a director of the Company, not being a whole-time director or a nominee director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence under the companies Act 2013 and SEBI (LODR), 2015 as amended from time to time.

“**Policy**” means Policy on Material Subsidiaries of Swati Projects Limited.

“**Significant Transaction or Arrangement**” means 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 Company**” means subsidiary company as defined under the Companies Act, 2013 and the Rules made thereunder.

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4. Policy

1. A subsidiary shall be a **Material 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.
2. One Independent Director of the company shall be a Director on the Board of the unlisted Material Subsidiary.

“For the purpose of this sub clause, 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”.

3. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
4. The minutes of the Board meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the company.
5. The management shall periodically bring to the attention of the Board of Directors of the company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary.

5. Disposal of Material subsidiary

The company, without the prior approval of the shareholders by special resolution, shall not:

- a. dispose shares in its Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% 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.
- b. sell, dispose or lease the assets amounting to more than twenty per cent of the assets of the material subsidiary on an aggregate basis during a financial year unless the sell/ 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.

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6. Disclosure

The Policy for determining material subsidiaries shall be disclosed on Swati Projects Limited website and a web link thereto shall be provided in the Annual Report.

7. Modification / Amendment in the Policy

Modification / Amendment, if any to this policy shall be made with the approval of the Chairman and Managing Director of the Company.