



SYSCO INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

INTRODUCTION

This policy shall be referred to determine the Material Subsidiaries of the Company. This policy shall provide the governance framework for such subsidiaries. This policy shall be applicable on all Material Subsidiaries of the Company.

MATERIAL SUBSIDIARY

As per the Listing Regulation –

“Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. The listed entity shall formulate a policy for determining material subsidiary.

Therefore, the Company shall consider a subsidiary as a ‘material’ subsidiary if it satisfies any of the following criteria:

- the Income generated by the Subsidiary exceeds twenty per cent (20%) of the consolidated Income of the Company and its subsidiaries in the immediately preceding financial year; or
- the Net Worth generated by the Subsidiary exceeds twenty per cent (20%) of the consolidated Net Worth of the Company and its subsidiaries in the immediately preceding financial year.

GOVERNANCE FRAMEWORK

- 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, incorporated in India.
- 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 material subsidiary for the immediately preceding accounting year.

- A listed entity 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.

- 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.

REVIEW / AMENDMENT OF THE POLICY

The Policy may be amended by the Board from time to time as may be deemed necessary by the Board and in accordance with any regulatory amendments.