

Systematix Securities Limited

Policy for Determining Material Subsidiaries

Introduction

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") requires a company to formulate a policy to determine its "Material Subsidiaries".

Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Policy sets out the criteria for determination of material subsidiaries of ICICI Securities Limited and provides the framework for such determination in line with the requirements of the Regulation 16 and Regulation 24 of the Securities and Exchange

1. Definitions

"Audit Committee" means the Audit Committee of the Board constituted by the Board of Directors of the Company, from time to time.

"Board of Directors" or "Board" means the Board of Directors of ICICI Securities Limited, as constituted from time to time.

"Company" means ICICI Securities Limited

"Independent Director" means a Director of the Company, as defined under the Companies Act, 2013 and who also fulfills the criteria of independence as stipulated under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

"Policy" means this policy for determining material subsidiaries.

"Significant Transaction or Arrangement" means any individual transaction or arrangement that exceeds or is likely to exceed ten per cent 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" means a subsidiary as defined under the Companies Act, 2013 and the rules made thereunder.

2. Material subsidiary

A subsidiary shall be considered a Material Subsidiary if any of the following conditions

are satisfied:

- i. Net-worth of the subsidiary exceeds 10% of the Company's consolidated net-worth in the immediately preceding accounting year; or
- ii. Income of the subsidiary exceeds 10% of the Company's consolidated income in the immediately preceding accounting year.

3. Corporate Governance requirements with respect to subsidiary

i. The Audit Committee shall review the financial statements, and the investments made by the unlisted subsidiary on a quarterly basis.

ii. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed before the Board.

iii. A statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary shall be placed before the Board.

iv. The Company shall obtain a prior approval of its shareholders by way of special resolution to:

a. Dispose-off the shares held in a Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease to exercise the control over such Subsidiary except where such divestment is made under a scheme of arrangement duly approved by a court or tribunal;

b. Sell, dispose and lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year. However, the above will not apply if the divestment, sale, disposal or lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

c. At least one Independent Director of the Company shall be a Director on the board of Directors of an unlisted material subsidiary, whether incorporated in India or not. However, for the purpose of this provision, 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.

4. Listed subsidiary

If the Company at any time has a listed Subsidiary which is itself a holding company, the provisions of Regulation 24 of the Listing Regulations relating to Subsidiaries shall apply

to the listed Subsidiary in so far as its Subsidiaries are concerned

5. Disclosures and Review

The Policy for determining material subsidiaries shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report. The Policy will be reviewed on an annual basis or as and when warranted due to regulatory requirements.