

S CHAND AND COMPANY LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

I. PURPOSE AND SCOPE

The Policy for determining ‘material’ subsidiary companies has been framed in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the **Listing Regulations**”).

The Policy will be used to determine the material subsidiaries of S Chand And Company Limited (referred to as “the Company”) and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

II. IDENTIFICATION OF MATERIAL SUBSIDIARY

A subsidiary shall be considered as material if:

- a. the net worth of the subsidiary, exceeds twenty percent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year or;
- b. if the income of the subsidiary exceeds twenty percent of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year .

III. GOVERNANCE FRAMEWORK

- i) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- ii) The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed before the Board of the Company.
- iii) 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. 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.
- iv) Atleast one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary, incorporated in India.

IV. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

- a. dispose of shares in its Material Subsidiary, which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than 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 Court/Tribunal.
- b. 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.

V. DISCLOSURES

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Agreement. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.