

S Chand And Company Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

I. PREAMBLE & LEGAL FRAMEWORK

The Securities and Exchange Board of India has issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (“Amended Regulations”) vide notification dated May 09, 2018; whereby the existing Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) have been amended with effect from April 01, 2019.

In pursuance of the Amended Regulations,, the Board of Directors of S Chand And Company Limited (“the Company”) in its meeting held on February 14, 2019 has revised the existing “Policy for determining material subsidiaries” (hereinafter referred as “the Policy”) of the Company with effect from April 01, 2019.

II. PURPOSE AND SCOPE

The Policy will be used to determine the material subsidiaries of 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.

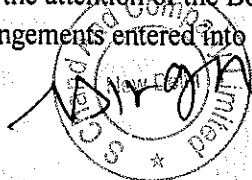
III. IDENTIFICATION OF MATERIAL SUBSIDIARY

A subsidiary shall be considered as material if:

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

IV. GOVERNANCE FRAMEWORK

- i) The Audit Committee 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



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“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 subsidiary for the immediately preceding accounting year.

iv) At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary*, whether incorporated in India or not.

* Explanation: for the purpose of point (iv), notwithstanding the point no. II above, the term “unlisted 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.”

v) The material subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

V. 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.

VI. DISCLOSURES

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

Last amended on 14-February-2019

