



SANDHAR TECHNOLOGIES LTD.

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Note: Revised by the Board of Directors at its meeting held on 02nd February, 2019

BACKGROUND

Sandhar Technologies Ltd. {including its subsidiaries} (hereinafter referred as the 'Company') believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour and in complete compliance of laws.

OBJECTIVE

The Policy is framed in accordance with the provisions of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"). The objective of the policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries whether incorporated in India or outside India.

Definition of Material Subsidiary:

"Material Subsidiary" shall mean a 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.

AUTHORITY TO DRAFT, AMEND AND IMPLEMENT

The Audit Committee shall review this Policy and make recommendations to the Board of Directors of the Company to amend this Policy as it may deem appropriate and in accordance with any regulatory changes.

- **Restriction on disposal of shares of Material Subsidiary by the Company:**

The Company shall not dispose of shares in its material subsidiary which would result in reduction of 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 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.

- **Restriction on disposal of its assets by Material Subsidiary:**

Selling, disposing and leasing of assets amounting to more than twenty percent {20%} 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, 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.

- **Disclosure/other requirements regarding subsidiary/material unlisted subsidiary:**

- a) At least one independent Director of the Company shall be a director on the Board of Directors of its unlisted material subsidiary, whether incorporated in India or not.

[For this purpose, a subsidiary shall be considered material, if its 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.]

- b) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- d) The management of the unlisted subsidiary should 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 company.

- e) (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

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.

- f) Material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with their annual report, a secretarial audit report, given by a company secretary in practice.

- **Compliance by Step down subsidiaries**

Where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

Brief overview of Subsidiary company as per the Companies Act 2013 and Rule/s

- Subsidiary in relation to holding company means a company in which the holding company -
 - (I) controls the composition of the Board, or
 - (ii) exercises or control more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies. { Section 2 [87]}
- The term "control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner { Companies [Specifications of definitions details] Rules 2104}
- There is a restriction on the layers of subsidiaries as would be prescribed. { Section 2 [87]}
- The terms "Material subsidiary" or "Material non-listed Indian subsidiary company" have not been defined in Companies Act, 2013 or its Rules.

GUIDING PRINCIPLES

- All the applicable provisions of laws, as amended from time to time, are to be complied in letter and spirit in implementing this Policy.
- “**Material subsidiary**” of the Company would be identified, which would include, if any:
 - ✓ Material listed Indian & foreign subsidiaries
 - ✓ Material non-listed foreign subsidiary,as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of Directors { Board} of the Company.
- “**Material non-listed Indian subsidiary**” of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company.

Disclosure

- This Policy shall be placed on the Company’s website and a web link shall be provided in the annual report.