



SANCO TRANS LIMITED

Policy for determining Material Subsidiary **[Pursuant to Clause 49(V) (D) of the Listing Agreement]**

1. Policy objective:

The Policy for determining 'material subsidiary' has been framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement.

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 Agreement 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.

2. Identification of 'Material subsidiary':

A subsidiary shall be considered as material if

- i. the investment of the Company in the subsidiary exceeds 20 percent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- ii. the subsidiary has generated 20 percent of the consolidated income of the Company during the previous financial year

3. Policy:

1. One Independent Director of the Company shall be a Director on the Board of the "Material non-listed Indian Subsidiary Company".

Explanation: "Material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

2. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.

3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

4. 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 company.

4. Restriction on disposal of shares of Material Subsidiary by the Company:

The Company shall not 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 a Court/Tribunal.

5. Restriction on disposal of assets of Material Subsidiary:

The Company shall not sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

6. Policy Amendment or Review:

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.