

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) the Board of Directors (“Board”) of SBC Exports Limited (“Company”) has adopted the following policy with respect to the determination of Material Subsidiaries.

Policy Objective

The objective of this policy is to lay down criteria for identification and dealing with Material Subsidiaries and to formulate a governance framework for subsidiaries of the Company. The Policy is framed in accordance with the requirements of the Regulations 16 of the SEBI (LODR) Regulations, 2015 (including any amendments thereof).

Definitions

1. **“Act”** means Companies Act, 2013.
2. **“Audit Committee”** means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
3. **“Board of Directors”** or **“Board”** means the “Board of Directors” of SBC Exports Limited, as constituted from time to time.
4. **“Company”** means SBC Exports Limited.
5. **“Independent Director”** means a Director of the Company, not being a Managing or Whole-Time Director or a Nominee Director and who is neither a Promoter nor belongs to the Promoter Group of the Company and who satisfies the criteria of independence as prescribed under the provisions of the Companies Act 2013 (including the rules prescribed thereunder) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (including any statutory modification(s) or re-enactments thereof for the time being in force).
6. **“Material Subsidiary”** It shall mean a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively of the listed entity & its subsidiaries in the immediately preceding accounting year.

7. **“Unlisted Subsidiary”** shall mean a subsidiary not listed on the recognized Stock Exchanges.
8. **“Policy”** means this Policy, as amended from time to time.
9. **“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.
10. **“Subsidiary”** shall mean a subsidiary as defined under the Act and the rules made thereunder.

Policy

i. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- A company, in which the investment of the Company or the proposed investment of the Company, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous accounting year; or
- A company, which has generated 20% of the consolidated income of the Company during the previous accounting year.

ii. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

iii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.

iv. The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed before the Board of the Company on a quarterly basis.

v. The management shall on a quarterly basis 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 material Subsidiary.

vi. The Company, without the prior approval of the members by special resolutions, shall not:

- Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- Cease the exercise of control over the Material Subsidiary; or

- Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during an accounting year;

Except in cases where such divestment, sale, disposal, lease as the case maybe is made under a scheme of arrangement duly approved by the Court /Tribunal.

Disclosure

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

Amendment

The Board of Directors may review or amend this policy, in whole or in part, from time to time, based on the recommendations of the Audit Committee and as per the requirements of the Act or Regulations or guidelines and any such other enactments/rules as may be applicable.

Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance. Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.