



**Sindhu Trade Links Ltd.**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

**Purpose and Scope:**

The policy for determining “material” Subsidiary Companies has been framed in accordance with the provisions of clause 49(V) (D) of the Listing Agreement.

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

All the words and expressions used in the policy shall have the same 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 issued thereunder, as amended from time to time.

**Explanation of the term “Material Subsidiary”:**

A subsidiary shall be considered material if:

1. the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
2. it has generated twenty per cent of the consolidated income of the Company during the previous financial year.

**Explanation of the term “Material Non-Listed Indian Subsidiary”:**

The term “Material Non-Listed Indian Company” shall mean a subsidiary shall be considered material whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

**Governance Framework:**

1. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
2. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
3. The management should periodically bring to the attention of the Board of Directors of company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

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**Independent Director on Board of Material Non- Listed Subsidiary:**

At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.

**Disposal of shares of Material Subsidiary:**

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.

**Selling, Disposal and leasing of Assets of Material Subsidiary:**

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.

**Disclosure:**

As prescribed by revised Clause 49(V) (D) of the Listing Agreement, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

**Policy Review:**

This policy shall be subject to review as in accordance with any regulatory amendments.

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