

## **POLICY ON MATERIAL SUBSIDIARIES**

### **1) PREFACE**

The Policy on Material Subsidiaries ("Policy") is framed in accordance with the requirements of Clause 49 of the Listing Agreements with Stock Exchanges, as amended from time to time.

The Policy has been approved by the Board of Directors ("Board") of Midas Infra Trade Limited at its meeting held on September 9, 2014 and is applicable w.e.f. October 1, 2014. In view of the SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014, the Policy has been updated effective from November 12, 2014. Further, in view of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Policy has been updated effective from December 1, 2015.

### **2) POLICY OBJECTIVE**

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

### **3) DEFINITIONS**

- 3.1) "Act" means the Companies Act, 2013.
- 3.2) "Audit Committee" means a Committee of Board of Directors of the Company, constituted in accordance with provisions of Section 177 of the Act read with Clause 49 of the Listing Agreement with Stock Exchanges.
- 3.3) "Board" means the Board of Directors.
- 3.4) "Company" means Midas Infra Trade Limited.
- 3.5) "Independent Director" means a director as defined under the Act and the Listing Agreements with the Stock Exchanges.
- 3.6) "Material Subsidiary" means a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 3.7) "Policy" means Policy on Material Subsidiaries.
- 3.8) "Significant Transaction or Arrangement" means 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 material subsidiary for the immediately preceding accounting year.
- 3.9) "Subsidiary Company or Subsidiary" means subsidiary as defined under the Act and the Rules made thereunder.

### **4) GOVERNANCE FRAMEWORK**

- 4.1. At least one Independent Director on the Board of the Company shall be a director on the Board of unlisted Material Subsidiary, incorporated in India.
- 4.2) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.

- 4.3) The minutes of the meetings of the Board of the unlisted subsidiary shall be placed at the meeting of the Board of the Company.
- 4.4) The management of the unlisted subsidiary shall bring to the notice of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary on half yearly basis.

#### **5) DISPOSAL OF SHARES IN MATERIAL SUBSIDIARY**

The Company shall not:

- a) dispose of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) ceases 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.

#### **6) SELLING, DISPOSING AND LEASING OF ASSETS OF MATERIAL SUBSIDIARY**

Selling, disposing and leasing of assets amounting to more than 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.

#### **7) DISCLOSURE**

The Policy shall be disclosed on the website of the Company.

#### **8) AMENDMENT**

Any subsequent amendment/modification in the Listing Regulations and/or the Act and other applicable laws in this regard shall automatically apply to the Policy and it shall stand amended accordingly. The Chairman and Managing Director of the Company are severally authorized to approve the amended Policy.