

POLICY

FOR

DETERMINING MATERIAL SUBSIDIARIES

Hexa Tradex Limited

Policy for material subsidiaries

This Policy shall be called 'Policy for determining Material Subsidiaries'.

Objective :

- a. This Policy is framed in accordance with the requirement of revised clause 49 of the listing agreement (including any amendments thereof) to be effective from 1st October, 2014 and is intended to ensure governance of material subsidiary companies.
- b. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

Definitions

"Board" means the Board of Directors of HexaTradex Limited.

"Company" means HexaTradex Limited.

"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% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

"Material Subsidiary (ies)" means a subsidiary company :

- i. In which the investment of Company/ Proposed Investment, exceeds twenty percent of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- ii. which has generated twenty percent of the consolidated income of the Company during the previous financial year.

"Policy" means this Policy, as amended from time to time.

"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 material unlisted subsidiary for the immediately preceding accounting year.

"Subsidiary" means a body corporate in which the Company :

- (i) Controls the composition of the Board of Directors; or
- (ii) Exercise or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.

For the purpose of above, total share capital shall mean aggregate of the paid-up equity share capital and convertible preference share capital.

Interpretation

Any words used in this Policy but not defined herein shall have the same meaning as prescribed 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.

Process of determination and compliances in respect of Material Subsidiaries

- a) The Company shall place before the Board/ Audit Committee, a quarterly report of all its Subsidiaries, including the quantum of investments made in such Subsidiaries in respect of its consolidated income and net worth as per its audited balance sheet of the previous financial year.
- b) Once a Subsidiary is identified as Material Subsidiary, the Company shall adhere to the following procedures :
 - i. The Company shall not dispose of the shares of the 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 its general meeting.
 - ii. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary shall require prior approval of shareholders of the Company by way of special resolution.
 - iii. 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.

General Compliances in respect of other Subsidiaries

Apart from the above, the following general compliances shall be adhered to by the Company with respect to all its Subsidiaries, whether or not they are Material Subsidiaries :

- a) The Audit Committee and the Board of Directors of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.
- b) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- c) 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.
- d) The Management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Directors in the Material Non Listed Indian Subsidiary.

- e) Where a listed holding company has a listed subsidiary, which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

Amendments

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

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