



# **CHOICE INTERNATIONAL LIMITED**

## **POLICY ON MATERIAL SUBSIDIARIES**



## POLICY ON MATERIAL SUBSIDIARIES

### 1) Introduction :

The Board of Directors (the “Board”) of Choice International Limited. (the “Company”) have adopted the following policy and procedure with regards to determination of “ Material Subsidiaries “ and Disclosures thereof , in line with the requirements of revised regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

### 2) Purpose :

The purpose of this policy is to determine Material Subsidiaries of the Company and to provide structure for the working of such subsidiaries.

### 3) Applicability:

This policy shall be applicable to all listed subsidiaries of the Company with respect to their Subsidiaries.

### 4) Objective :

The Objective of this policy is to determine :

- i) The meaning of “**Material Subsidiary**”
- ii) Appointment of Director on the Board of Material Subsidiary who shall be the Independent Director on the Board of Holding Company.
- iii) Restrictions on Disposal of Shares of Material Subsidiaries
- iv) Restrictions on disposal of Assets of Material Subsidiaries

### 5) Key Definitions:

The terms and expressions not defined hereunder shall have the same meaning as defined under the Companies Act, 2013, SEBI Act, 1992 and the Listing Regulations.

- (a) “Board” or “Board of Directors” means the Board of Directors as defined under Section 2(10) of the Companies Act, 2013.
- (b) “Audit Committee” means the Committee constituted by the Board from time to time under Section 177(1) of the Companies Act, 2013 and regulation 18(1) of the Listing Regulations.
- (c) “Independent Director” means an Independent Director of the Company as defined in Section 149(6) of the Companies Act, 2013 and regulation 16(1)(b) of the Listing Regulations.

(d) "Material Subsidiary" means a subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

(e) "Subsidiary Company" or "Subsidiary" in relation to any other Company means a Company in Which the Holding Company:-

(i) Controls the Composition of the Board of Directors

(j) Exercises or Controls more than one-half of the (Total Voting Power) either at its own or together with one or more of the Subsidiaries Companies.

(f) "Significant Transaction or Arrangement" means any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

**Guiding Principles-**A subsidiary shall be a Material Subsidiary, if its income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

#### **6) Policy on Material Subsidiaries**

a) At least one Independent Director of the Company shall be a Director on the Board of Material Non – Listed Indian Subsidiary Company.

b) The Audit Committee of the Listed holding Company shall also review the Financial Statement, in particular the investments made by the unlisted Subsidiary Company.

c) The Minutes of the Board Meetings of the Unlisted Subsidiary Company shall be placed at the Board Meeting of the Company. The Management shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions or arrangements entered into by unlisted Subsidiary Company.

#### **7) Disposal of Shares of Material Unlisted Subsidiary Company**

The Company shall not dispose 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 its 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.

#### **8) Disposal of Assets of Material Unlisted Subsidiary Company**

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 is subject to the prior approval of the shareholders by way of Special Resolution, unless the sale/disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

## **9) Disclosures**

The Policy framed for determining Material Subsidiary shall be uploaded on the website of the Company and also the web-link thereto shall be provided in the Annual Report.

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By order of the Board of Directors of  
**Choice International Limited**

Effective Date: **14.08.2016**

Date of the approval by the Board: **14.08.2016**