CAPITAL TRADE LINKS LTD.

CIN : L51909ODL1984PLC019622

POLICY ON DETERMINING MATERIAL SUBSIDIARIES

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General

The Board of Directors of Capital Trade Links Limited ("**Company**") in pursuance of Regulation 16(1)(c) and Regulation 24(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**SEBI Listing Regulations**"), which requires a listed entity to formulate a policy for determining 'material subsidiary'.

As per the said regulation, "**material subsidiary**" means a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Explanation to Regulation 16(1)(c) of SEBI Listing Regulations empowers the Board to define any additional criteria to decide a material subsidiary in the context of any peculiar position of the company.

Regulation 24 of the Listing Regulations mandates certain additional compliance in respect of material subsidiary companies. In terms of the said requirements, the Board of Directors of the Company has formulated a policy for determining "material subsidiary" ("**Policy**").

Pursuant to Regulation 46 (2) of the Listing Regulations, the listed entity is required to disclose the Policy on its website and a web link thereto shall be provided in the Annual Report.

Purpose

"**Act**" means the Companies Act, 2013 including any statutory modifications or reenactment thereof.

"**Board of Directors**" or "**Board**" means the Board of Directors of Capital Trade Links Limited; as constituted from time to time.

"**Company**" means Capital Trade Links Limited.

"**Holding Company**", in relation to one or more other Companies, means a Company of which such Companies are Subsidiary Companies.

"**Independent Director**" means a director appointed on the Board of the Company as Independent Director and who fulfils the required criteria under the Listing Regulations and Act as applicable from time to time."

"**Subsidiary Company**" means Subsidiary Company as defined under Section 2(87) of the Act and the rules made there under.

"**Significant transactions or arrangement**" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of total revenues or total expense or total assets or total liabilities, as the case maybe, of the material unlisted subsidiary for the

immediately preceding accounting year.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI Listing Regulations or any other applicable laws or rules or regulation to the extent applicable to the Company

Corporate Governance Requirements With Respect To Subsidiaries

(i) At least one independent director on the Board of the Company shall be a director on the board of directors of an unlisted material Subsidiary Company, whether incorporated in India or not.

(ii) The Audit Committee of the Company shall also review the financial statements, in particular the investments made by the unlisted Material Subsidiary;

(iii) The minutes of the board meetings of unlisted Material Subsidiary shall be placed at the board meeting of the Company;

(iv) The management of the unlisted Material Subsidiary shall periodically bring to the attention of the board of directors of the listed holding company a statement of all Significant Transactions and arrangements entered into by the unlisted Material Subsidiary;

(v) 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 or equal to 50%, or cease the exercise of control over such Material Subsidiary, without passing a special resolution in its General Meeting, except in cases where such disinvestment is made under a scheme of arrangement duly approved by the Court/ Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

(vi) The Company shall not sell, dispose or lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during the financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/ lease is made under a scheme of arrangement duly approved by Court/ Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

(vii) Where the Company has a listed Material Subsidiary, which is itself a holding company, the Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

(viii) The Board of the Company is consulted in respect of the appointments, remuneration and severance of CEO & senior managerial personnel and reviews the business plans and contracts by the unlisted Material Subsidiary.

(ix) All unlisted Material Subsidiaries incorporated in India shall undertake secretarial audit and annex secretarial audit report given by a company secretary in practice, in such prescribed format

with the annual report of the Company.

(x) The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company as per Regulation 30(9) of the SEBI Listing Regulations.

Interpretations

Any words used in this Policy but not defined herein shall have the same meaning attributed to it under the Companies Act, 2013 or Rules made there under, SEBI Act or rules and regulations made thereunder.

Disclosure

Policy shall be placed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

Review And Amendments

The Policy has been approved by the Board of Directors of the Company. The Board and/or Audit Committee may, as and when it deems appropriate, review this Policy. This Policy is being formulated keeping in mind the applicable laws, rules, regulations, and standards in India. If there is an amendment in such laws, rules, regulations, and standards, then this Policy shall be deemed to have been amended to the extent of such amendment.

Conversely, if due to subsequent amendment in the statutory provisions, this Policy or any part hereof becomes inconsistent, such amended statutory provisions shall prevail and this Policy shall be deemed to be amended to that extent.