

Policy on determining material subsidiary

1. Objective

Securities Exchange Board of India (SEBI) through SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015) (including any statutory enactments / amendments thereof) requires all listed companies to formulate a policy for determining 'material subsidiaries'. Accordingly, the Company adopted a Policy for Determining Material Subsidiary.

SEBI vide circular dated 9 May 2018, has notified certain amendments in SEBI Listing Regulations, 2015, effective from 1 April 2019 requiring certain changes to be made in the Policy.

2. Definitions

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of the SEBI Listing Regulations, 2015 and Section 177 of the Companies Act, 2013.

"Board" means Board of Directors of the Company

"Company" means Whitehall Commercial Company Limited.

"Independent Director" means a Director of the Company who fulfils the criteria of independence as laid down under section 149 (6) of the Companies Act, 2013 and under regulation 16(1) (b) of the SEBI Listing Regulations, 2015.

"Policy" means Policy on Determining Material Subsidiary.

"Unlisted Material Subsidiary" mean shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"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" shall mean a subsidiary as defined under the Companies Act, 2013.

3. Criteria for determining the Material subsidiaries:

In terms of the SEBI Listing Regulations, 2015, a subsidiary of the Company shall be considered as 'material', if:-

- a. its income exceeds 10% of the consolidated net income of the Company and its subsidiary companies in the immediately preceding accounting year; or
- b. its net worth exceeds 10% of the consolidated net worth of the Company and its subsidiary companies in the immediately preceding accounting year.

For determining material subsidiaries, monitoring of net worth and income of the subsidiaries shall be done at the time of finalization of consolidated annual accounts of the Company. The Management of the Company shall monitor and ensure that as and when any of the subsidiary is determined as a Material Subsidiary the same shall be intimated to the Audit Committee.

The Audit Committee to annually review the list of subsidiaries together with the details of the materiality defined herein. If, during the year, any new Company is acquired or shareholding in any Company is increased making it a subsidiary Company, the Audit Committee shall review the details of the materiality defined herein.

4. Governance of Material subsidiaries:

- i. At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary company, whether incorporated in India or not.

For the purpose of clause (i) the term material subsidiary shall mean 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.

- ii. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on a quarterly basis.

- iii. The minutes of the Board Meetings of the unlisted subsidiary company be placed before the Board of the Company in regular intervals.

iv. The Board of Directors of the Company to review all the significant transactions or arrangements entered into by the subsidiary company, on a quarterly basis.

v. On the recommendation of the Nomination and Remuneration Committee of the Company, the Board may appoint such number of Independent Directors in the subsidiary company.

vi. The Company, without the prior approval of the members by Special Resolution, shall not:

a. dispose the shares held in material subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or ceases the exercise of control over the material subsidiary, except in cases where such divestment is made under a scheme of arrangement duly approved by a 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.

b. Sell, dispose of or lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under

a scheme of arrangement duly approved by a 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.

5. Disclosure:

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

6. Amendments:

This Policy may be amended by the board at any time and is subject to the (i) amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines and enactments by the SEBI, including SEBI Listing Regulations, 2015.

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7. Scope and Limitation:

In the event of any conflict between the provisions of this Policy and the Applicable Law, the Applicable Law shall prevail over this Policy.
