DHANADA CORPORATION LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Preamble:

Securities Exchange Board of India (SEBI) through the Listing Agreement (including any statutory enactments / amendments thereof) requires all listed companies to formulate a policy for determining 'material subsidiaries', effective 1st October 2014.

The Board of Directors (the "Board") of Dhanada Corporation Ltd. (the "Company" or "DCL"), has, therefore, adopted the following Policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy.

1. Objective:

This Policy is framed in accordance with the requirement of revised clause 49(V) of the Listing Agreement (including any amendments thereof).

The Policy shall come into effect from 1st October 2014 and is intended to ensure governance of material subsidiary companies.

The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

2. Definitions:

"Audit Committee" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and the Listing Agreement.
"Board of Directors" or "Board" means the Board of Directors of Dhanada Corporation Limited, as constituted from time to time.
"Company" means a company incorporated under the Companies Act, 2013 or any other previous company law.
"Policy" means Policy for determining Material Subsidiaries.
"Consolidated Income or Net worth" means the total income or net worth of the Company and its subsidiaries.
"Subsidiary" shall be as defined under the Companies Act, 2013 and the Rules made there under.
"Material non-listed Indian subsidiary" means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
"Significant transactions or arrangements" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue 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.
"Independent Director" means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

3. Criteria for determining the Material Subsidiaries:

A subsidiary shall a Material Subsidiary for the financial year, if any of the following conditions are satisfied:

a. Investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
b. the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

4. Governance of Material Subsidiaries:

a. One Independent Director of the Company shall be a director on the Board of the material non – listed Indian subsidiary.
b. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.
c. The minutes of the Board Meetings of the unlisted subsidiary company shall be placed at the Board Meeting of the Company on a quarterly basis.
d. The management shall on a half yearly basis 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.
e. 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 Director in the Material Non – Listed Indian Subsidiary.

5. Disposal of Material Subsidiary:

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
b. ceases the exercise of control over the material subsidiary; or
c. sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

6. 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.

7. Disclosures:

The Policy for determining material subsidiaries shall be uploaded on the website of the Company at www.dhanadacorp.com and a web link thereto shall be provided in the Annual Report.