

Shristi Infrastructure Development Corporation Limited

Policy on Determining “Material Subsidiaries”

1. INTRODUCTION

The Board of Directors of Shristi infrastructure Development Corporation Limited, has, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, adopted the following policy and procedures with regard to determination of “Material Subsidiaries”. The Board may review and amend this policy from time to time. This Policy shall be applicable to the Company with effect from 1st October, 2014.

2. OBJECTIVES

The objective of this policy is to determine the “material” subsidiaries of the Company and provide the governance framework for such subsidiaries.

3. DEFINITIONS

“**Audit Committee**” or “**Committee**” means the Audit Committee constituted by the Board of Directors of the Company, from time to time, under the provisions of the Companies Act, 2013 and rules framed thereunder and the Listing Agreement with the Stock Exchanges.

“**Board of Directors**” or “**Board**” means the Board of Directors of Shristi Infrastructure Development Corporation Limited, as constituted from time to time.

“**Chief Financial Officer**” means a person appointed as the Chief Financial Officer of the Company.

“**Company**” means Shristi Infrastructure Development Corporation Limited.

“**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’s for independence as per the provisions of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

“**Policy**” means Policy on Material Subsidiary.

“**Material Non Listed Indian Subsidiary**” means an unlisted Subsidiary, incorporated in India, whose net worth or income (i.e. paid up capital and free reserves) exceeds 20% of the consolidated net worth and income of the listed

holding company and its subsidiaries in the immediately preceding accounting year.

“Significant Transaction or Arrangement” means 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” has the meaning as assigned to it under the provisions of the Companies Act, 2013 and rules framed thereunder.

4. POLICY

1. A subsidiary shall be a **Material Subsidiary** if any of the following conditions are satisfied:-
 - a) In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b) If the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.
2. Atleast one Independent Director on the board of Directors of the holding company shall be a director on the Board of Directors of a Material Non-Listed Indian Subsidiary Company.
3. The Audit Committee of the listed Holding Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
4. The minutes of the meetings of the Unlisted Subsidiary Companies shall be placed at the Board meeting of the listed Holding Company.
5. The CFO should 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 Subsidiary Company.
6. The CFO shall present to the Audit Committee annually a list of such material subsidiaries together with the details of the materiality defined therein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director Material Non-Listed Indian Subsidiary.

7. Furthermore, where a listed Holding Company has a listed Subsidiary which is itself a Holding Company, the above clauses of the policy shall apply to the listed Subsidiary in so far as its Subsidiaries are concerned.

8. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the approval of the Members by a Special Resolution in its General Meeting shall not:

- a) Dispose shares in Material Subsidiaries that reduces, its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) Cease the exercise over the Material Subsidiary.

The Company without the approval of the Members by a Special Resolution shall not sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during the financial year.

However, where a divestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, the aforesaid restrictions shall not apply.

9. DISCLOSURES

The Company shall disclose the policy on Material Subsidiaries on its website and a web-link thereto shall be provided in the Annual report.

Date: 12.08.2014

This policy has been reviewed by the Audit Committee and approved by the Board at their respective meetings held on 12.08.2014 and has been made effective on and after 01.10.2014.