



Shristi Infrastructure Development Corporation Limited

Policy on Determining “Material Subsidiaries”

Pursuant to Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

1. INTRODUCTION

The Board of Directors of Shristi Infrastructure Development Corporation Limited has adopted the following policy and procedures with regard to determination of “Material” Subsidiaries as defined below.

This Policy is in terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Listing Regulations”), as may be amended from time to time.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

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 criteria for independence as per the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

“Policy” means Policy on Material Subsidiary.

“Material Subsidiary” shall mean a Subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. This includes subsidiaries which are incorporated in India or outside India. .

[For the purposes of Regulation 24 of Listing Regulations, Material Subsidiary means a Subsidiary whose income or networth exceeds twenty percent of the consolidated income or networth respectively, of the 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 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. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY (Regulation 24)

1. Atleast one Independent Director on the Board of Directors of the holding company shall be a director on the Board of Directors of an Unlisted Material Subsidiary Company.

Only for the purpose of the above clause, notwithstanding anything to the contrary contained in Regulation 16 of SEBI Listing Regulations and this Policy, the term ‘material subsidiary’ shall mean a subsidiary whose income or networth exceeds 20% (twenty percent) of the consolidated income or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

2. The Audit Committee of the listed Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.

3. The minutes of the meetings of the Unlisted Subsidiary Companies shall be placed at the Board meeting of the listed Holding Company.

4. 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.
5. 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 Subsidiary.
6. Furthermore, where the 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.

5. 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, 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 1 (one) day of the resolution plan being approved, the aforesaid restrictions shall not apply.

6. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013 or SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act, Regulations or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment/modification in the Companies Act, 2013 or SEBI Listing Regulations or other applicable rules and laws in this regard shall automatically apply to this Policy.

This Policy may be reviewed and amended by the Audit Committee and / or Board of the Company from time to time, as may be deemed necessary.

7. 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.

Place: Kolkata

This Policy has been reviewed by the Audit Committee and approved by the Board at their respective meetings held on 26.05.2019 and will become effective on and after 26.05.2019 except to the extent as specified in the Policy.