

MADHAV INFRA PROJECTS LIMITED

POLICY DETERMINING MATERIAL SUBSIDIARIES

(Effective from 01st December, 2015)

1) Purpose and Scope

The Policy for determining 'material' subsidiary companies had been framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement and has been updated in accordance with Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the LODR Regulations") and the SEBI Notification No. SEBI/LAD-NRO/GN/2015-16/013 dated September 2, 2015.

The Policy will be used to determine the material subsidiaries of the Madhav Infra Projects Limited (*referred to as "MIPL"*) and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the LODR 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) Identification of 'Material' subsidiary

A subsidiary shall be considered as material if:

- I. the net worth of the subsidiary, exceeds 20 per cent of the consolidated net worth of the MIPL and its subsidiaries in the immediately preceding accounting year or,
- II. If the income of the subsidiary exceeds 20 per cent of the consolidated income of MIPL and its subsidiaries in the immediately preceding accounting year.

Material non-listed Indian Subsidiary shall mean an unlisted subsidiary, Incorporated in India, whose income or net worth (i.e. paid up capital and free reserve) exceeds 20 percent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

3) Governance framework

- I. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- II. The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed before the Board of the Company.



- III. The management shall periodically 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. The term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.
- IV. At least one Independent Director of the Company shall be a director on the Board of the unlisted Indian subsidiary.

4) Disposal of Material Subsidiary

The following disposals shall not be permitted to the Company:

- I. The Company reducing its shareholding (either on its own or together with other subsidiaries) to less than 50 per cent or cease the exercise of control over the subsidiary or,
- II. Selling, disposing and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

5) Policy Review

This policy is framed pursuant to the provisions of the Companies Act, 2013 or rules made thereunder, SEBI Act or Rules and Regulations made thereunder, and Listing Agreement or any other relevant regulation / law applicable to the Company.

6) Amendments

The Board shall have the power to amend any of the provisions of this Policy in consultation with the Chairman of the Audit Committee and to substitute any of the provisions with a new provision or replace this entire Policy with a new Policy.

Amit Khurana
Chairman and Managing Director