



MADHAV INFRA PROJECTS LIMITED

POLICY DETERMINING MATERIAL SUBSIDIARIES

PURPOSE AND SCOPE :

The Board of Directors (The “Board”) of Madhav Infra Projects Limited (*referred to as “MIPL”*) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below.

This Policy is applicable to the Company in terms of Regulation 16 (1) (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

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

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.

DEFINITIONS :

- 1) **“Act”** means Companies Act, 2013 including any statutory modification or re-enactment thereof.
- 2) **“Audit Committee or Committee”** means Audit Committee constituted by the Board of Directors of the Company, from time to time under the provisions of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, and/or the Companies Act, 2013.
- 3) **“Board of Directors” or “Board”** means the Board of Directors of MIPL, as constituted from time to time.
- 4) **“Company”** means Madhav Infra Projects Limited
- 5) **“Control”** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.
- 6) **“Holding Company”** means Holding Company as defined under Section 2 (46) of the Act.
- 7) **“Listing Regulations”** shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



- 8) **“Policy”** means this Policy on Material Subsidiary and as may be amended from time to time.
- 9) **“Subsidiary”** shall be as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

IDENTIFICATION OF ‘MATERIAL’ SUBSIDIARY :

A subsidiary shall be considered as “Material Subsidiary” if its income or net worth exceeds ten percent of the consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.

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

GOVERNANCE FRAMEWORK :

- 1) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- 2) The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed before the Board of the Company.
- 3) 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.
- 4) At least one Independent Director of the Company shall be a director on the Board of the unlisted Indian subsidiary.
- 5) The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.
- 6) The Company shall disclose all events or information with respect to its subsidiaries which are material for the Company.

DISPOSAL OF MATERIAL SUBSIDIARY :

The following disposals shall not be permitted to the Company:



The Company shall not dispose of the shares in its material subsidiary which would reduce the Company shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting, except in cases where such divestment is made under a scheme or 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.

The Company shall not sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of special resolution, 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.

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.
