

# **AGI INFRA LIMITED**



## **Policy for determining Material Subsidiary**

## 1. PREAMBLE

The Board of Directors of the Company have approved and adopted “the Policy for Determining Material Subsidiary” in terms of Regulation 16 (c) and 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter-alia lays down the criteria for determining ‘material’ subsidiary(ies) and governance of subsidiaries.

## 2. OBJECTIVE

The objective of this Policy is to determine -

- Material Subsidiary
- Reporting and governance requirement for subsidiary companies
- requirement of Independent Director in certain unlisted Material Subsidiary
- restriction on disposal of shares in Material Subsidiary by the Company
- restriction on selling, disposing and leasing of assets of Material Subsidiary by the Company and/or
- other disclosure requirements, as required under SEBI Listing Regulations (as defined herein) and other applicable laws to the Company.

## 3. DEFINITIONS

- a. **“Audit Committee”** means the Audit Committee as constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013, read with of Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b. **“Board of Directors or Board”** means the Board of Directors of AGI Infra Limited, as constituted from time to time.
- c. **“Company”** shall mean AGI Infra Limited (AGIIL)
- d. **“Companies Act”** means the Companies Act, 2013 and rules made thereunder and Companies Act, 1956 (1 of 1956) to the extent applicable.
- e. **“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 shareholders agreements or voting agreements or in any other manner;
- f. **“Holding company”**, in relation to one or more other companies, means a company of which such companies are subsidiary companies;
- g. **“Independent Director”** shall mean an Independent Director of the Company appointed as per the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

- h. **“Material Non Listed Indian Subsidiary”** shall mean an unlisted subsidiary incorporated in India whose :
- a. income exceeds 20% of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year; or
  - b. The net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year.
- i. **“Material Subsidiary”** shall mean a Subsidiary in which the investment of the Company exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.
- j. **“Policy”** shall mean this Policy for Determining Material Subsidiary.
- k. **“SEBI Listing Regulations”** shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any statutory modification thereof.
- l. **“Significant transaction”** shall mean 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.
- m. **“Subsidiary company”** or **“subsidiary”**, in relation to AGIIL shall mean a Company (includes both listed and unlisted) in which AGIIL —
- (i) controls the composition of the Board of Directors; or
  - (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:
- Explanation : For the purposes of this definition —*
- (a) a company shall be deemed to be a subsidiary company of AGIIL even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the AGIIL;
  - (b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
  - (c) the expression “company” includes any body corporate;
- n. **“Unlisted Subsidiary”** means Subsidiary whose securities are not listed on any recognised stock exchanges.

All other words and expressions used but not defined in this Policy shall have the same meaning as assigned to them in Companies Act, 2013 or Listing Regulations or the Securities Contracts (Regulation) Act, 1956, and/or such rules and regulations made there under, as the case may be.

#### **4. GOVERNANCE REQUIREMENTS**

##### **A. For Unlisted Subsidiary(ies):**

- 4.1 The Audit Committee of the Company shall review the financial statements of the unlisted subsidiary (ies), in particular, the investments of such subsidiary/ies, periodically.

- 4.2 The minutes of the Board meetings of the unlisted subsidiary (ies) shall be placed at the meeting of the board of directors of the Company.
- 4.3 The management of the unlisted subsidiary (ies) shall periodically bring to the notice of the board of directors of the Company a statement of all significant transactions and arrangements entered into by such subsidiary (ies).

**B. For Material Subsidiary(ies):**

In addition to the compliance requirements enumerated in Clause 4.1 - 4.3 above, the below mentioned requirements are to be adhered to in respect of material subsidiary (ies):

- 4.4 Appointment of at least one (1) independent director of the Company as a Director on the Board of Directors of its material non listed Indian subsidiary (ies).
- 4.5 The Company shall not dispose its shares in its material subsidiary (ies) resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary (ies) 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.
- 4.6 The selling, disposing and/or leasing of assets amounting to more than 20% of the assets of the material subsidiary(ies) on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

**5. REVIEW AND DISCLOSURES**

The policy shall be disclosed on the company's website viz. [www.agiinfra.com](http://www.agiinfra.com) and a web link thereto shall be provided in the annual report of the company

**6. AMENDMENTS AND MODIFICATIONS**

The Board of Directors shall have the right to modify, amend or change any or all clauses of this policy to the extent required under the applicable laws/ Acts /Regulations or otherwise.

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