

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the “Board”) of Capacit'e Infraprojects Limited (the “Company”) has adopted the policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy below.

This policy shall come into force with effect from 13th May, 2019.

2. OBJECTIVE

This policy deals with determination of Material Subsidiaries of Capacit'e Infraprojects Limited in terms of regulation 16 (1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter termed as "Listing Regulations") which states that the Company shall formulate a policy for determination of the Material Subsidiary and the policy is intended to ensure the governance framework of material subsidiary companies.

3. DEFINITIONS

- 3.1 **“Act”** means Companies Act, 2013 & rules made there under.
- 3.2 **“Audit Committee” or “Committee”** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under the provisions of section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.
- 3.3 **“Board of Director” or “Board”** means the collective body of the Directors of Capacit'e Infraprojects Limited, as constituted from time to time.
- 3.4 **“Company”** means Capacit'e Infraprojects Limited.
- 3.5 **“Holding Company”** in relation to one or more other companies, means a company of which such companies are subsidiary companies.
- 3.6 **“Independent Director”** means a director of the Company, not being a Whole-Time/ Executive Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence under Section 149 of Companies Act, 2013 and Regulations 16 (1) (b) of Listing Regulations.

- 3.7 **“Material Subsidiary”** - shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.
- 3.8 **“Subsidiary Company”** shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.
- 3.9 **“Significant transaction or arrangement”** shall mean any individual transaction or arrangement carried out or proposed to be carried out by and between the Company and its material subsidiary 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.

4. DETERMINATION OF MATERIAL SUBSIDIARY:

A subsidiary shall be considered as a Material Subsidiary, if any of the following conditions are satisfied:

- I. If the income of the Subsidiary Company exceeds 10% of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year; or
- II. If the net worth of the subsidiary Company exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year.

5. PROVISION WITH REGARD TO UNLISTED SUBSIDIARY COMPANY:

- 5.1 At least one Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of an unlisted material Subsidiary Company, incorporated in India.
- 5.2 The Audit Committee of the company shall review the financial statements, in particular the investments made by the unlisted subsidiary company.
- 5.3 The minutes of the Board meetings of the unlisted subsidiary company shall be placed for noting at the Board meeting of the listed company

- 5.4 The management of the unlisted subsidiary Company shall periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;
- 5.5 Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

6. DISPOSAL OF MATERIAL SUBSIDIARY:

- 6.1 The Company shall not, without prior approval by way of passing a special resolution in its General Meeting:
- a. Dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 % or cease the exercise of control over the subsidiary; or
 - b. Sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.
- 6.2 The provision of clause 6.1 shall not be applicable in cases where such divestment, sale, disposal, lease as the case may be is made under a Scheme of Arrangement duly approved by the Court/Tribunal.

7. DISCLOSURES:

- 7.1 This Policy shall be disclosed on the Company's website at www.capacite.in
- 7.2 Web link thereto shall be provided in the Annual Report of the Company.

8. AMENDMENT/S AND UPDATION/S:

- 8.1 The Board shall have the power, subject to applicable laws, to amend any of the provision(s) or substitute any of the provision(s) with a new provision(s) or replace this Policy entirely with a new Policy based on the recommendations of the Audit Committee.
- 8.2 The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and to ensure governance of material subsidiary companies.