

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Regulation 16(1)(c), Regulation 24 and Regulation 46(2)(h) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

SONU INFRA TECH LIMITED

CIN: L45500GJ2017PLC099276



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1. INTRODUCTION

The Board of Directors (the “**Board**”) of Sonu Infratech Limited (the “**Company**”) had adopted the policy and procedures regarding determination of Material Subsidiaries. The said policy has been prepared in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (“SEBI Listing Regulations”).

Regulation 16(1)(c) read with Regulation 24 and 46(2)(h) of the SEBI Listing Regulations requires the Company to formulate a policy for determining ‘material’ subsidiary and publish such policy on its website.

2. OBJECTIVES

The objective of this Policy is to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), covering the following:

- i) meaning of “Material Subsidiary”;
- ii) requirement of Independent Director in certain Unlisted Material Subsidiaries;
- iii) restriction on disposal of shares of a Material Subsidiary;
- iv) restriction on transfer of assets of a Material Subsidiary;
- v) secretarial audit by Material Unlisted Subsidiaries incorporated in India; and
- vi) disclosure requirements as prescribed under the SEBI LODR Regulations

3. APPLICABILITY/IDENTIFICATION OF A ‘MATERIAL SUBSIDIARY’

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

- the net worth of the subsidiary exceeds 10 per cent of the consolidated net worth of Company and its subsidiaries in the immediately preceding accounting year; or
- the income of the subsidiary exceeds 10 per cent of the consolidated income of Company and its Subsidiaries in the immediately preceding accounting year.

4. DEFINITIONS

- a) “**Act**” means Companies Act, 2013, as amended, and includes rules made thereunder.
- b) “**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, in accordance with Section 177 of the Act and Regulation 18 of the Listing Regulations.
- c) “**Board**” means the board of directors of Company, as constituted from time to time;
- d) “**Company**” means Sonu Infratech Limited.
- e) “**Control**” shall have the same meaning as assigned to the term under the defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- f) “**Independent Director**” means an Independent Director referred to in Section 149(6) of the Act, and / or Regulation 16(b) of the SEBI Listing Regulations.
- g) “**Policy**” means the policy for determining Material Subsidiaries.
- h) “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the circulars issued thereunder and amendments thereto;
- i) “**Subsidiary**” shall mean a subsidiary as defined under 2(87) of the Act.

- j) **“Material Unlisted Indian Subsidiary”** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- k) **“Unlisted Subsidiary”** means a subsidiary whose securities are not listed on any recognized Stock Exchanges
- l) **“Net worth”** as defined under Section 2(57) of the Act means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- m) **“Significant Transaction or Arrangement”** 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 unlisted subsidiary for the immediately preceding accounting year
- n) **“Subsidiary(ies)”** means subsidiary of the Company as defined in the Companies Act, 2013 and the rules made thereunder.
- o) **“Turnover”** shall be as defined in sub-section (91) of Section 2 of the Companies Act, 2013

All the words and expressions used in this Policy, unless not defined herein, shall have the meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Act and the Rules, Notifications, and Circulars made/issued thereunder, as amended, from time to time.

5. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

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

- a. If the income of the subsidiary exceeds ten per cent of its consolidated income of the Company and its subsidiaries in the immediately preceding accounting year; or
- b. If the net worth of the subsidiary exceeds ten per cent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year.
- c. The Audit Committee shall review such details / information as may be required to determine the ‘Material Subsidiaries’ from time to time.

6. GOVERNANCE FRAMEWORK FOR THE MATERIAL SUBSIDIARY(IES)

- A. If any subsidiary is found to be ‘material’, the Company should comply the following:
 - i. The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with subsidiaries) to less than or equal to fifty percent (50%) or cease the exercise of control over the Material Subsidiary 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, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code ,2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
 - ii. The Company shall not sell, dispose off and lease any assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year, without prior approval of shareholders by way of special resolution. However, the said approval is not required if the sale/disposal/lease is made under a scheme of arrangement duly approval by a court/tribunal, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- iii. Where a listed subsidiary of the Company is itself a holding company of a Material Subsidiary, the provisions of this Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- B. At least one independent director of the Board of the Company shall be a director on the board of directors of an unlisted material subsidiary [as defined below for the purpose of this clause (B)], whether incorporated in India or not.

[For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of the SEBI Listing Regulations and this Policy, the term “*material subsidiary*” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.]

- C. The Company shall comply with such other requirement in relation to unlisted Material Subsidiary as may be mandated under the Act and/ or SEBI Listing Regulations, from time to time.
 - iv. The Company shall disclose events or information as covered under Regulation 30 of the SEBI Listing Regulations with respect to subsidiaries, which are material for it.
 - v. The Audit Committee of the Company shall review the financial statements, particularly the investments made by the unlisted Material Subsidiary.
 - vi. The minutes of the meeting of the board of directors of the unlisted Material Subsidiary shall be placed at the meeting of the Board of Directors of the Company.
 - vii. The management of the unlisted Material Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of Significant transaction and arrangement entered into by the unlisted Material Subsidiary.

7. MATTER TO BE REVIEWED BY THE BOARD

The minutes of the meetings of the board of directors of the Unlisted Subsidiary shall be placed at the meeting of the Board for their review and consideration.

The management of the Unlisted Subsidiary shall periodically bring to the notice of the Board, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary.

Explanation: The term “significant transaction or arrangement” 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 unlisted subsidiary for the immediately preceding accounting year, and shall be in accordance with any meaning as may be provided for “significant transaction or arrangement” under Regulation 24(4) of the SEBI LODR Regulations, from time to time.

8. DISCLOSURE

This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report of the Company.

9. AMENDMENT

The Board may amend or modify this Policy in whole or in part, from time to time

If, due to subsequent changes in the Act or/and the SEBI Listing Regulations, any part of this Policy thereof becomes inconsistent with the Act or/and the SEBI Listing Regulations, the provisions of the Act or/ and the SEBI Listing Regulations shall prevail.
