



AFCONS INFRASTRUCTURE LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

INDEX

Sr. No.	Particulars	Page No
A.	Objective and Legal Framework	1
B.	Definitions	1
C.	Identification of Material Subsidiary	1
D.	Governance Framework	2
E.	Law to Take Precedents and Amendment	4
F.	Dissemination Of the Policy	4
G.	Effective Date	4

VERSION CONTROL

Version	Description	Adoption/ Modification/ Review Date	Approval by
1.0	Adoption of New Policy	12/09/2024	Audit Committee and Board of Directors
2.0	Adoption of Revised Policy	20/03/2025	Audit Committee and Board of Directors

A. Objective and Legal Framework

1. In accordance with Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), Afcons Infrastructure Limited (“**Company**” or “**Afcons**”) has formulated this Policy for determining material subsidiary / subsidiaries.
2. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company.

B. Definitions

1. “**Company**” or “**Afcons**” means Afcons Infrastructure Limited.
2. “**Policy**” means this Policy for determining Material Subsidiaries.
3. “**subsidiary**” or “**subsidiaries**” means subsidiary or subsidiaries of Afcons Infrastructure Limited in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder.
4. “**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactments thereof for the time being in force.
5. “**Unlisted Subsidiary**” shall mean a subsidiary whether incorporated in India or not and which is not listed on any of the Stock Exchanges recognised under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

All the words and expressions used in this Policy, unless defined herein, shall have the meaning respectively assigned to them under the Listing Regulations or Securities Contracts (Regulation) Act, 1956 or laws framed thereunder 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.

C. Identification of Material Subsidiary

A subsidiary shall be considered as material subsidiary, if:-

1. the net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year; or
2. the **turnover** of the subsidiary exceeds 10% of the consolidated **turnover** of the Company and its subsidiaries in the immediately preceding accounting year.

D. GOVERNANCE FRAMEWORK

1. Material subsidiary (Listed/Unlisted)

- a. The list of material subsidiaries shall be placed before the Audit Committee of Afcons.
- b. At least one Independent Director on the Board of Directors of the Company shall be appointed as a Director on the Board of an unlisted material subsidiary, whether incorporated in India or not.

For the purpose of above sub-clause, “material subsidiary” shall mean a subsidiary whose **turnover** or net worth exceeds 20% of the consolidated **turnover** or net worth of the Company and its subsidiaries in the immediately preceding accounting year.

- c. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit by a Peer Reviewed Secretarial Auditor and the Company shall annex with its annual report, the secretarial audit report of each of its unlisted subsidiary..

Explanation:

The term “Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

The term “Peer Reviewed Company Secretary” means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India.

- d. Any proposal for disposal of shares by the Company in its material subsidiary, which is likely to result in reduction of the Company’s shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or the Company ceasing to exercise of

control over the subsidiary, shall be subject to prior approval of the shareholders by way of a special resolution in the General Meeting.

Such approval shall not be required, if such divestment is;

- i. under a scheme of arrangement duly approved by a Court/Tribunal
or
 - ii. 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.
- e. any proposal for selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution.

Such approval shall not be required, if such sale, disposal, lease of asset is;

- i. under a scheme of arrangement duly approved by a Court/Tribunal
or
- ii. 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.

Nothing contained above shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

2. Unlisted Subsidiary

- a. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- b. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.
- c. The management of the unlisted subsidiary 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 the unlisted subsidiary.

The term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

E. Law to take Precedents and Amendment

1. Any of the Executive Directors, Chief Financial Officer or the Company Secretary, being Key Managerial Personnels of the Company are severally authorised by this Policy to determine whether a subsidiary has become a material subsidiary as per this Policy and the Listing Regulations and to do and take all necessary an incidental act, steps etc. in pursuant thereto.
2. The Policy would be reviewed from time to time. In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended, if deemed necessary, with due approval from the Board of Directors. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Listing Regulations, Companies Act, 2013 or any law for the time being in force.
3. This Policy is intended to be in conformity with the Listing Regulations and the Companies Act, 2013. However, if due to subsequent modifications in the Listing Regulations, the Companies Act, 2013 or any other Applicable Laws, a provision of this Policy or any part thereof becomes inconsistent with the Listing Regulations, the Companies Act, 2013 or any other Applicable Laws, then the provisions of such Listing Regulations, the Companies Act, 2013 laws, or such Applicable Laws as modified, shall prevail.

F. Dissemination of the Policy

The Policy shall be hosted on the website of the Company. A web-link where the policy is disclosed shall be provided in the Annual Report of the Company.

G. Effective Date

This Policy was initially recommended by the Audit Committee and approved and adopted Board of Directors of the Company on 12th September, 2024 respectively.
