

**AJR INFRA AND TOLLING LIMITED**  
**(formerly Gammon Infrastructure Projects Limited)**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

**This Policy has been approved and adopted by the Board of Directors of AJR INFRA And Tolling Limited ("Company") in accordance with and in compliance of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 and as amended vide SEBI (listing obligations and disclosure Requirements (Amendment) Regulations, 2018.**

**Objective**

1.1. The objective of this Policy is to:

- i. to determine Material Subsidiary(s) of the Company, AJR Infra And Tolling Limited (formerly Gammon Infrastructure Projects Limited).
- ii. Restriction on disposal of shares of Material Subsidiary by the Company;
- iii) Restriction on transfer of assets of Material Subsidiary; and
- iv) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

**2. Definitions**

- a) "Act" means the Companies Act 2013 together with the Rules notified there under, including any statutory modifications or re-enactments thereof for the time being in force.
- b) "Audit Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 ("the 2013 Act").
- c) "**Board**" or "**Board of Directors**" shall mean the Board of Directors of the

Company.

c) "**Control**" shall mean control as defined under the Companies Act, 2013 as amended from time to time.

d) "**Independent Director/Public Interest Director**" shall have the meaning given to it in the Companies Act, 2013 and Listing Regulations, 2015 and SEBI (Securities Contracts) (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

e) "**Listing Regulations**" shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. SEBI (Listing Regulations).

f) "**Material Subsidiary**" means a subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth, respectively, of the Company and its Subsidiaries in the immediately preceding accounting year or such percentage as amended by the SEBI (LODR) Regulations from time to time;

g) "**Material Unlisted Subsidiary**" means an unlisted Material Subsidiary.

h) Net worth: means net worth as defined in subsection (57) of Section 2 of the Companies Act, 2013.

i) "**Policy**" means this Policy for Determining Material Subsidiaries of the Company.

j) "**Significant Transaction and Arrangement**" means 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.

k) "**Subsidiary**" shall have the meaning given to it in the Companies Act, 2013.

l) "**Unlisted Subsidiary**" means an unlisted Subsidiary of the Company.

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure requirements), Regulations, 2015 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such

Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

### **3. Policy**

A Subsidiary of the Company shall be considered as “material”, if its income or net worth exceeds ten (10) percentage of the consolidated income or net worth, as the case may be, respectively of the Company and its subsidiaries in the immediately preceding financial year. The following guidelines shall be applied in the below mentioned situations to determine the “materiality” of a Company’s subsidiary:

In case the Consolidated Net Worth of the Company is negative at the end of the immediately preceding financial year, only income criteria shall be considered for the purpose of determining testing materiality of its subsidiary. Consequently “Material Subsidiary” shall mean the Subsidiary whose income exceeds 10 % of the Consolidated Income of the Company in the immediately preceding financial year.

### **4. CORPORATE GOVERNANCE FRAMEWORK WITH RESPECT TO MATERIAL SUBSIDIARIES;**

**4.1** The Management shall present to the Audit Committee on an annual basis, a list of material subsidiaries together with the detailed explanation of the materiality criteria applied in each of the cases.

**4.2** The Company shall appoint at least one independent director on the Board of an unlisted material subsidiary, whether incorporated in India or not

*(For the purpose of this provision the term material subsidiary shall mean a subsidiary whose income or net worth exceeds 20% (Twenty percent) of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding financial year )*

### **4.3 RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY.**

The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in a general meeting of its shareholders except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal.

#### **4.4 RESTRICTION ON DISPOSAL OF ITS ASSETS OF MATERIAL SUBSIDIARY**

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a court/tribunal.

#### **4.5 SIGNIFICANT TRANSACTIONS / ARRANGEMENTS OF MATERIAL SUBSIDIARY COMPANIES**

The management should periodically bring to the attention of the Board a statement of all significant transactions and arrangements entered into by the material subsidiary as well as all *other unlisted subsidiaries* in the format similar to the format prescribed in the relevant accounting standards for the purpose of disclosure of related party transactions on a consolidated basis.

#### **4.6 OTHER PROVISIONS RELATED TO UNLISTED SUBSIDIARY/ MATERIAL UNLISTED SUBSIDIARY**

- a) The Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the material subsidiary and the *unlisted subsidiaries*.
- b) The minutes of the Board meetings of the material subsidiary and all other *unlisted subsidiaries* shall be placed at the Board meeting of the Company.

#### **5. DISCLOSURE ON WEBSITE**

The Policy shall be uploaded on the website of the Company at [www.ajrinfra.in](http://www.ajrinfra.in) and a weblink thereto shall be provided in the Annual Report of the Company, as per the provisions of laws in force.

#### **6. REVISION/ AMENDMENTS**

- 6.1 The Policy would be subject to revision/amendment in accordance with the Laws And the regulations as amended or modified from time to time
- 6.2 The Board reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy as may be necessary.

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