

SREI INFRASTRUCTURE FINANCE LIMITED

POLICY ON DETERMINING “MATERIAL” SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the “Board”) of Srei Infrastructure Finance Limited (the “Company”) has adopted the following policy and procedures with regard to determination of “Material” Subsidiaries as defined below.

This Policy is in terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), as may be amended from time to time.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under SEBI Listing Regulations 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 to time.

2. POLICY OBJECTIVE

The objective of the policy is to determine the “material” subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. DEFINITIONS

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI Listing Regulations and the Companies Act, 2013 & Rules framed thereunder.

“**Board of Director**” or “**Board**” means the Board of Directors of Srei Infrastructure Finance Limited, as constituted from time to time.

“**Chief Financial Officer**” (“**CFO**”) means a person appointed as the Chief Financial Officer of a Company.

“**Company**” means Srei Infrastructure Finance Limited.

“**Independent Director**” means a director of the Company, who satisfies all the criteria of independence as prescribed under the Companies Act, 2013 and SEBI Listing Regulations.

“Material Subsidiary” shall mean a Subsidiary, whose income or net worth exceeds [20% (twenty per cent)]¹ of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. [This includes subsidiaries which are incorporated in India or outside India]².

“Net Worth” shall mean the net worth as defined in 2(57) of the Companies Act, 2013.

“Policy” means Policy on Material Subsidiary.

“[Material Non Listed Indian Subsidiary]³” means an unlisted Subsidiary, incorporated in India, whose income or networth exceeds 20% (twenty per cent) of the consolidated income or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten per cent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the [material]⁴ unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” has the meaning as assigned to it under the Companies Act, 2013 and the Rules framed thereunder.

4. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY

1. Atleast one Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of a [Material Non-Listed Indian Subsidiary]⁵ Company.

[Only for the purpose of the above clause, notwithstanding anything to the contrary contained in Regulation 16 of SEBI Listing Regulations and this Policy, the term ‘material subsidiary’ shall mean a subsidiary whose income or networth exceeds 20% (twenty per cent) of the consolidated income or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year].⁶

¹ Will be read as 10% (ten per cent) w.e.f. April 01, 2019

² Will be inserted w.e.f. April 01, 2019

³ Will be substituted with the following w.e.f. April 01, 2019 - “Unlisted Material Subsidiary” shall mean an unlisted Subsidiary, whether incorporated in India or not, whose income or networth exceeds 10% (ten per cent) of the consolidated income or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

⁴ Will be deleted w.e.f. April 01, 2019

⁵ Will be read as “Unlisted Material Subsidiary” w.e.f. April 01, 2019

⁶ Will be inserted w.e.f. April 01, 2019

2. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed at the Board Meeting of the Company.
4. The CFO should periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary Company.
5. The CFO shall present to the Audit Committee annually the list of such material subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Subsidiary.
6. Furthermore, where the Company has a listed Subsidiary which is itself a Holding Company, the above clauses of policy shall apply to the listed Subsidiary in so far as its Subsidiaries are concerned.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the approval of the Members by Special Resolution in its General Meeting, shall not:

- a. dispose shares in Material Subsidiaries that reduces. its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty per cent) ; or
- b. cease the exercise of control over the Material Subsidiary.

The Company, without the prior approval of the Members by Special Resolution, shall not sell, dispose or lease the assets amounting to more than 20% (twenty per cent) of the assets of the material subsidiary on an aggregate basis during a financial year.

However, where a divestment/sale/disposal/lease 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 Code and such an event is disclosed to the recognized stock exchanges within 1 (one) day of the resolution plan being approved, the aforesaid restrictions shall not apply.

6. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013 or SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act, Regulations or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment/modification in the Companies Act, 2013 or SEBI Listing Regulations or other applicable rules and laws in this regard shall automatically apply to this Policy.

This Policy may be reviewed and amended by the Audit Committee and / or Board of the Company from time to time, as may be deemed necessary.

7. DISCLOSURES

The Company shall disclose the Policy on the Company's website and a web link thereto shall be provided in the Annual Report.

Place: Kolkata

Date: 04.02.2019

This Policy has been reviewed by the Audit Committee and approved by the Board at their respective meetings held on 04.02.2019 and will become effective on and after 04.02.2019 except to the extent as specified in the Policy.