

CAPITAL FIRST LIMITED

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARY		
Prepared By: SECRETARIAL DEPARTMENT		Version : 1
Recommended By: AUDIT COMMITTEE		Adopted Date : November 07, 2014
Approved By: BOARD OF DIRECTORS		Last Amendment Date: November 07, 2014

1. PREAMBLE

The Board of Directors (the “Board”) of Capital First Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective October 1, 2014. This Policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

2. OBJECTIVE

The purpose of forming the Policy is to determine the Material Subsidiaries of Company and to provide the governance framework for such subsidiaries.

3. DEFINITIONS

“**Act**” means Companies Act, 2013 & rules made thereunder.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act, 2013 and Clause 49 of Listing Agreement with the Stock Exchanges.

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under section 149 of Companies Act, 2013 and Clause 49 of Listing Agreement with the Stock Exchanges.

“**Material non-listed Indian subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the

listed holding company & its subsidiaries in the immediately preceding accounting year.

“Material Subsidiary” shall be considered as material if the investment of the company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.

“Policy” means Policy on determination of Material Subsidiary.

“Significant transaction or 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 material unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

IDENTIFICATION

Material subsidiary and **Material non listed Indian subsidiary** of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion shall be placed before the Audit Committee and the Board of the Company in the first meeting of financial year.

PROVISION WITH REGARD TO SUBSIDIARY COMPANIES

1. The Audit Committee of the company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;
2. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company;
3. The management 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;
4. At least 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** company;

DISPOSAL

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 50% or cease the exercise of control over the subsidiary without passing a special resolution in General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

Further, sell, disposal & lease of assets amounting to more than 20% of the assets of the **material subsidiary** on an aggregate basis during a financial year shall require approval of the shareholders by way of passing special resolution , unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal.

DISCLOSURES

The Policy for determining material subsidiaries shall be uploaded on the website of the Company and shall be disclosed in such other way as per the requirement of provisions of law in force.