

ABG Infralogistics Limited

Policy on Material Subsidiaries

Title

This policy shall be called 'Policy for determining Material Subsidiaries'. This policy will be applicable to the Company effective from October 1, 2014.

Purpose

The objective of the Policy is to determine the Material Subsidiaries of ABG Infralogistics Limited and to provide the governance framework for such subsidiaries.

Definitions

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013 ("the 2013 Act").

"Board of Directors or Board" means the Board of Directors of the Company, as constituted from time to time.

"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 the Companies Act, 2013 and the 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 and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding 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% 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 2013 Act and the Rules made thereunder.

Policy

1. A subsidiary shall be a **"Material"** subsidiary, if:
 - a) 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
 - b) Subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

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2. One independent director of the Company shall be a director on the Board of the material non-listed Indian subsidiary company.
3. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the non-listed subsidiary company on an annual basis.
4. The minutes of the Board meetings of the non-listed subsidiary company shall be placed before the Board of the Company on a half yearly basis.
5. The management shall on a half yearly basis bring to the attention of the Board of the Company, a statement of all 'Significant transactions and arrangements' entered into by the unlisted subsidiary company.
6. The management shall present to the Audit Committee on an annual basis, a list of such subsidiaries together with the details of the materiality defined herein. The Committee shall review the same and make suitable recommendations to the Board, including but not limited to, recommendation for appointment of Independent Director on the Board of Material Non-Listed Indian Subsidiary Company.

Disposal of Material Subsidiary

The Company, without the prior 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%; or
- b) Cease the exercise of control over the Material Subsidiary; or
- c) Sell, dispose or lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year.

Disclosure

The Policy for determining Material Subsidiaries shall be disclosed on the website of the Company at www.abgworld.com and a web link thereto shall be provided in the Annual Report of the Company, as per the provisions of laws in force.

Amendment

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.