

## **Policy for determining Material Subsidiaries**

### **OVERVIEW**

The Board of Directors (the “Board”) of **Capital Trust Limited** (the “Company”) has adopted the following policy (the “Policy”) with regard to determination of Material Subsidiaries of the Company

This Policy has been formulated in accordance with **the Regulation 16(1)(c) of the SEBI (Listing Obligation and Disclosure Requirements), 2015 (hereinafter “Listing Regulations”)**. The Board may review and amend this Policy from time to time.

### **OBJECTIVES OF THE POLICY**

This Policy has been framed to determine the Material Subsidiaries of the Company and to provide the governance framework for such Subsidiaries.

### **DEFINITION**

- a. **“Audit Committee or Committee”** means a Committee of Directors of the Company, as constituted from time to time under Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulation, 2015.
- b. **“Board of Directors” or “Board”** means the Board of Directors of the Company, as constituted from time to time.
- c. **“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 prescribed under the Companies Act, 2013 and the Listing Regulations with the Security and Exchange Board of India.
- d. **“Material Subsidiary”** means a Subsidiary whose income or net worth exceeds twenty percent of the Consolidated Income or Net Worth of the Listed Company and its Material Subsidiary as per the Audited Balance Sheet of the previous Financial Year if the Subsidiary Company has / have generated twenty per cent or more of the Consolidated Income of the Company during the previous Financial Year.
- e. **“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 Material Unlisted Subsidiary Company for the immediately preceding Accounting Year.

- f. **“Subsidiary Company”** means the Subsidiary Company as defined under Section(2) (87) the Companies Act, 2013 and the Rules made thereunder.

#### **COMPLIANCE CALENDER FOR THE HOLDING COMPANY**

Under the **Regulation 24 of the SEBI, Listing Regulation, 2015**, The Listed Company, i.e. The Holding Company, is required to comply with following:

- a. The Company shall appoint at least **one Independent Director of the Company on the Board of its Material Unlisted Indian Subsidiary Company.**
- b. The Audit Committee of the Listed Holding Company shall review the financial statements, in particular, the investments made by its **Unlisted Subsidiary Company.**
- c. The Minutes of the Board Meeting/s of the Unlisted Subsidiary Company/ies and its Significant Transactions and/or Arrangements shall be placed before the Board of the Listed Holding Company.
- d. The Management shall periodically bring to the attention of the Board of Directors of the Listed Holding Company, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
- e. The Company, without the prior approval of the Members by a **Special Resolution**, shall not:
  - i. dispose of its shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent; or ceases the exercise of control over the Subsidiary/ies except in cases where disinvestment is made under a scheme of arrangement duly approved by a Court / Tribunal; or
  - ii. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court or Tribunal.
- f. In case the Company has a listed subsidiary which itself is a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

#### **COMMUNICATION OF THIS POLICY**

The Policy shall also be posted on the web-site of the Company and a web link thereto shall be provided in the Annual Report of the Company.

#### **AMENDMENT**

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.