# NPR FINANCE LIMITED POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

NPR Finance Ltd.(the "Company") believes in the attainment of high level of transparency, accountability and equity. The Company is guided by the motion of good corporate governance and follows it in letter as well as in spirit.

#### 1. PREFACE

- 1.1 Clause 49 (V)(D) of the Equity Listing Agreement with the Stock Exchange provides for the formulation of a policy for determining Material Subsidiaries.
- 1.2 Based on the recommendation of the Audit Committee, the Board of Directors of the Company have adopted this Policy for determining Material Subsidiaries.
- 1.3 This Policy for determining Material Subsidiaries is formulated in compliance to the Equity Listing Agreement with the Stock Exchange.
- 1.4 The provisions of this Policy shall be applicable upon the listed subsidiary(ies) of the Company. Further, where the listed subsidiary is itself a holding company, the Policy shall also apply to the listed subsidiary insofar as its subsidiaries are concerned.

## 2. POLICY OBJECTIVES

This Policy is framed to bring a clarity on the manner of determining material subsidiaries.

## 3. **DEFINITIONS**

- 3.1 "Act" means the Companies Act, 2013 and the Rules made thereunder, including, any modifications, amendments or re-enactment thereof.
- 3.2 "Audit Committee means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act.
- 3.3 "Board of Directors" or "Board" means the collective body of the Board of Directors of the Company.
- 3.4 "Company" means NPR Finance Limited inclusive of its Registered Office and all Branch Offices.
- 3.5 "Key Managerial Personnel" means a Key Managerial Personnel as defined in the Act.
- 3.6 "Listing Agreement" means the Equity Listing Agreement of the Company with the Stock Exchange.

- 3.7 "Material Subsidiary (ies)" means a subsidiary company:
- a. in which the investment of Company/Proposed Investment , exceeds 20% (twenty per cent) of the consolidated networth of the Company as per he audited balance sheet of he previous financial year.
- b. which has generated 20% (twenty per cent) of the consolidated income of the Company during the previous financial year.
- 3.8 "Material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth exceeds 20% (twenty per cent) of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Any amendment to the definition brought about by the Equity Listing Agreement shall automatically apply hereto.
- 3.9 "Networth" means aggregate of paid-up capital and free reserves.
- 3.10 "Policy" means this Policy for determining Material Subsidiaries as amended from time to time.
- 3.11 "Relative" means a relative as defined in the Act.
- 3.12 "Subsidiary" shall derive its meaning from Section 2(87) of the Act read with the Rules made thereunder.
- 3.13 "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 unlisted subsidiary for the immediately preceding accounting year.

Interpretation: Words and/or expressions not specifically defined here shall derive their meaning from the Companies Act 2013 read with the Rules made thereunder, Listing Agreement or any other law/legislature applicable upon the Company.

# 4. POLICY

4.1 Identification of Material Subsidiary(ies):

The Audit Committee and the Board of Directors shall on a quarterly basis, analyse the income or networth of the Subsidiary Company(ies) and if the same meets the criteria specified in 3.7, it shall be identified as a material subsidiary(ies). Thereafter, it shall forward its findings to the Board of Directors.

4.2 Appointment of Independent Director(s) on the Board of the material non-listed Indian Subsidiary.

At least one Independent Director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian Subsidiary.

## 4.3 Role of the Audit Committee and the Board of Directors

- a. The Audit Committee and the Board of Directors shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.
- b. The minutes of the Board Meetings of the unlisted subsidiary shall be placed at the Board Meeting of the Company.
- c. The management shall 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.
- 4.4 Prior approval of Shareholders by way of Special Resolution required in certain instances:
- a. The selling, disposing and leasing of assets amounting to more than 20% (twenty per cent) of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
- b. No Company shall dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) less than 50%(fifty per cent) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

## 7. DISCLOSURES

The Company shall disclose this policy on its website and a web link thereto shall be provided in the Annual Report.

## 8. AMENDMENTS IN THE POLICY

- i. The Audit Committee shall review and amend this Policy as and when required, subject to the approval of the Board of Directors.
- ii. Any subsequent amendment / modification in the listing agreement and /or other applicable laws in this regard shall automatically apply to this Policy.