

# **NPR FINANCE LTD.**

Regd. Office : Todi Mansion, 9<sup>th</sup> Floor, 1 Lu-Shun Sarani, Kolkata 700073,

Ph. No. (033) 2237-7201/02, Email : npr1@nprfinance.com

Website: www.nprfinance.com

## **NPR FINANCE LIMITED POLICY FOR DETERMINING MATERIAL SUBSIDIARIES (updated on 14<sup>th</sup> February, 2019)**

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 Regulation 16(1)(c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter, “Listing Regulations”), 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 Listing Regulations.

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 Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including, any modifications, amendments or re-enactment thereof.

3.7 “Material Subsidiary (ies)” means a subsidiary company: whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

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3.8 "Networth" means aggregate of paid-up capital and free reserves.

3.9 "Policy" means this Policy for determining Material Subsidiaries as amended from time to time.

3.10 "Relative" means a relative as defined in the Act.

3.11 "Subsidiary" shall derive its meaning from Section 2(87) of the Act read with the Rules made thereunder.

3.12 "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 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 Regulations 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 un-listed Subsidiary.*

At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

### 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.

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 10% (ten 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.

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b. The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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 [or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

c. Selling, disposing and leasing of assets amounting to more than twenty percent 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, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

## **7. DISCLOSURES.**

Relevant disclosures will be required to be made in terms of the Act readwith the Rules and Schedules thereunder, the Listing Regulations and/or any other applicable law in force. This Policy will be disclosed on the website of the Company.

## **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 Regulations and /or other applicable laws in this regard shall automatically apply to this Policy.