



NCC Limited

Policy on `Material` Subsidiary(s)

1. INTRODUCTION

The Board of Directors (the "Board") of NCC Limited (the "Company"), a listed Holding/ Parent company of various subsidiary companies, being unlisted bodies corporate in India & Overseas, has adopted this policy for determining a `Material` subsidiary.

This policy is primarily framed based on the revised Clause 49 (vide SEBI circular dated 17.04.2014 and 15.09.2014) of the Listing Agreement entered into by the Company with the Stock Exchanges (the "LA").

2. DEFINITIONS

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

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

"Holding company" in relation to one or more other companies, means a company of which such companies are subsidiary companies.

"Income" or "income" shall mean `Total Revenue` or `Total Income` (including other income) as per the audited Financial Statements of the previous financial year.

"Independent Director" means an independent director referred to in

- section 149(6) of the Companies Act, 2013, and / or
- the revised (vide SEBI circular dated 17.04.2014 and 15.09.2014) clause 49 (II) B of the Listing Agreement.

"Listed company" means a company which has any of its securities listed on any recognized stock exchange.

"Material Subsidiary" a subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial

year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.



“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.

“Net worth” or **“net worth”** shall mean `paid up capital and free reserves` as per the audited balance sheet of the previous financial year.

“Subsidiary Company” or **“Subsidiary”** means *subsidiary company as defined in section 2 (87) of the Companies Act, 2013, which is as under:*

– ‘Subsidiary Company’ or ‘Subsidiary’ in relation to any other (that is to say the holding Company), means a company in which the holding company –
(i) controls the composition of the Board of Directors; or
ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause,—

(a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;

(b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

(c) the expression “company” includes any body corporate;

(d) “layer” in relation to a holding company means its subsidiary or subsidiaries;

3. POLICY

3.1 A) Identification of material subsidiary company

A material subsidiary company shall be identified on the following basis: A subsidiary company shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.



B) Identification of material non-listed Indian subsidiary

A material non-listed subsidiary company shall be identified on the following basis: A subsidiary shall be considered to be a material non-listed Indian subsidiary if it is 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.

3.2 Compliances under the revised clause 49 of the Listing Agreement, with respect to all subsidiary companies (including material subsidiary companies and material non-listed Indian subsidiary companies)

- a) The Audit Committee of the Company 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 company shall be placed at the Board meeting of the listed holding company i.e. NCC Limited. The management should periodically bring to the attention of the Board of Directors of the listed holding company i.e. NCC Limited, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

3.3 Compliances with respect to material subsidiary companies

- a) 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 its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court /Tribunal.
- b) 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 of the holding company (i.e. NCC Limited) by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court /Tribunal.

3.4 Compliances with respect to material non-listed Indian subsidiary companies

- a) At least one independent director on the Board of Directors of the holding company (i.e. NCC Limited) shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.



Explanation (i): For the purpose of clause 3.4 above the term “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.

Explanation (ii): For the purpose of clause 3.2 above the term “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.

Explanation (iii): For the purpose of this Policy where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

4. DISCLOSURES

This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report of the Company.

5. AMENDMENTS TO THE POLICY

The Board of Directors on its own can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

