

## 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 the material subsidiaries and material unlisted subsidiaries of the Company, incorporated in India or not and to provide the governance framework for such subsidiaries.

This policy is primarily framed in accordance with the Regulation 16(1)((c) SEBI(Listing Obligations and Disclosure Requirement) Regulations,2015 (Listing Regulations) as amended from time to time.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

#### 2.DEFINITIONS

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under the provisions SEBI(LODR)Regulations,2015 as amended 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 immediately preceding financial year.

“**Independent Director**” means an independent director referred to in

- section 149(6) of the Companies Act, 2013, and / or
- Listing Regulations as amended from time to time as amended from time to time..

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



**“Material Subsidiary”** a subsidiary shall mean a subsidiary , whose income or networth exceeds Ten(10) percent of the Consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. .

**“Material unlisted subsidiary”** shall mean an unlisted subsidiary, incorporated in India or not , whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% 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 under the Act and rules made thereunder..*

### **3. POLICY**

#### **3.1 A) Identification of material subsidiary company**

A material subsidiary company shall mean mean a subsidiary , whose income or networth exceeds Ten(10) percent of the Consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

#### **B) Identification of material un listed subsidiary**

A material unlisted subsidiary company shall be identified on the following basis: A subsidiary shall be considered to be a material unlisted subsidiary if it is an unlisted subsidiary, incorporated in India or not , whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, with respect to all subsidiary companies (including material subsidiary companies and material unlisted subsidiary companies whether incorporated in India or not)**

- a) The Audit Committee of the Company shall also 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 entity i.e. NCC Limited.



- c) The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation.- For the purpose of this regulation, the term “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.

### **3.3 Compliances with respect to material subsidiary companies**

- a) The Listed entity i.e NCC Limited 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 50% or cease the exercise of control over the said 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.
- c) Secretarial Audit.

Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.”

- 3.4** At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

- 3.5** 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**

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

#### **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.

#### **AMENDMENTS IN LAW**

Any subsequent amendment / modification in the listing Regulations and / or other applicable laws in this regard shall automatically apply to this Policy.

