

## **POLICY ON DETERMINING 'MATERIAL' SUBSIDIARIES**

### **1. Introduction**

The Board of Directors (the "Board") of New India Retailing & Investment Limited (the "Company") has adopted the following policy and procedures with regard to determination of 'Material' Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy shall be applicable to the Company effective 1 October 2014. This Policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

### **2. Policy Objective**

To determine the 'material' subsidiaries of the Company and to provide the governance framework for such subsidiaries.

### **3. DEFINITIONS**

**"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013 and rules made thereunder.

**"Board of Director"** or **"Board"** means the Board of Directors of New India Retailing & Investment Limited, as constituted from time to time.

**"Company"** means a company incorporated under the Companies Act, 2013 or under any previous company law.

**"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's for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

**"Policy"** means Policy on Material Subsidiary.

**Material Non Listed Indian Subsidiary** shall mean an unlisted Subsidiary, incorporated in India, whose income or networth (i.e. paid up capital and free reserves) exceeds 20% of the Consolidated income or networth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

**"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.

“**Subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

#### **4. Policy**

1. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:

a. In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or

b. Which have generated twenty per cent of the consolidated income of the Company during the previous financial year.

2. One **Independent Director** of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on quarterly basis.

4. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on quarterly basis.

5. The management shall on each quarter 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.

6. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.

7. Furthermore, where a listed holding company has listed subsidiary which is itself a holding company, the above clauses of policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

## **5. Disposal of Material Subsidiary**

The Company, without the prior approval of the members by Special Resolution, shall not:

- a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the Subsidiary; or
- c. 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

Exception:

However, where a divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, the aforesaid restrictions shall not apply.

## **6. Disclosures**

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company.

***Approved & adopted by the Board at its meeting held on 29<sup>th</sup> October, 2014.***