

# **NORTHERN SPIRITS LIMITED**

## **Policy for determining Material Subsidiary**

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### **1. INTRODUCTION**

The Board of Directors (the “Board”) of Northern Spirits Limited (the “Company”) has adopted the following policy and procedures with regard to determination of material subsidiaries, in line with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”)

The Board will review and may amend this policy from time to time.

### **2. PURPOSE**

The objective of this policy is to determine material subsidiaries of the Company and to provide governance framework for such subsidiaries.

### **3. APPLICABILITY AND GOVERNING LAW**

**This policy will be applicable to the Company from the day it is adopted by the Board.**

This Policy on Material Subsidiaries shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as LODR Regulations or such other Rules/Regulations, as may be notified by SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

### **4. KEY DEFINITIONS**

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

“Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Material Unlisted Indian Subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the 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 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.

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

## **5. POLICY ON MATERIAL SUBSIDIARIES**

- 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.
- The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.
- The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- 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 Unlisted Subsidiary.

## **6. DISPOSAL OF MATERIAL SUBSIDIARIES**

- 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.
- 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**

This policy for determining Material Subsidiaries shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.