

# **NORTHERN SPIRITS LIMITED**

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## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **PREAMBLE**

This Policy is framed in accordance with the requirement stated in Regulation 16(1)(c) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and is intended to ensure governance of material subsidiary companies of Gallantt Ispat Limited.

### **OBJECTIVES OF THE POLICY**

The objective of this Policy is determination of Material Subsidiaries and disclosure thereof as required under the Listing Regulations. The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company. Accordingly, the Board / its committee may review this policy from time to time.

### **DEFINITIONS**

“**Act**” means the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force.

“**Audit Committee**” means the Audit Committee, as constituted by the Board of Directors of the Company from time to time under provisions of the SEBI (LODR) Regulations and Companies Act, 2013.

“**Board of Directors**” or “**Board**” means the Board of Directors of Northern Spirits 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.

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

**“Net worth”** means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013.

**“Significant transactions 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”** means a body corporate in which the Company:

- i. controls the composition of the Board of Directors; or
- ii. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

For the purpose of above, “total voting power” shall, in relation to any matter, means the total number of votes which may be cast in regard to that matter on a poll at a meeting of a company if all the members thereof or their proxies having a right to vote on that matter are present at the meeting and cast their votes.

#### **PROVISIONS WITH REGARD TO SUBSIDIARIES**

- The Audit Committee of the Company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company on a quarterly basis;
- The Minutes of the Board Meetings of the Unlisted Subsidiary company shall be placed at the Board Meeting of the Company on a quarterly basis;
- 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 & arrangements entered into by the unlisted subsidiary company shall be placed before the Board;
- Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

- Nothing contained in this clause, shall apply to a case:
  - Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
  - Where the subsidiary company holds such shares as a trustee; or
  - Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.
  
- The Company shall not directly/indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
  
- The Company shall include particulars of its subsidiary companies in its annual return;
  
- The Company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;
  
- The Company shall, along with its financial statements to be filed with the Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;
  
- The Company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the Company, who asks for it.

#### **PROVISIONS WITH REGARD TO MATERIAL SUBSIDIARIES**

- 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 company whether incorporated in India or not.

For the purpose of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI Listing Regulations, the term “Material Subsidiary” shall mean a subsidiary, whose Income or Net Worth exceeds 10% of the consolidated Income or Net Worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

- 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 Material Subsidiary without passing a special resolution in its general meeting except in cases where such disinvestment 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 Code and such an event is disclosed to the recognized stock exchanges with one day of the resolution plan being approved;

- The Company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without the prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by court/tribunal, or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges with one day of the resolution plan being approved;
- 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.

#### **DISCLOSURES**

The policy on identification of material subsidiary shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

#### **AMENDMENTS**

The Board shall have the power to further amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

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