



Policy on Determining Material Subsidiary

[BASED ON THE REQUIREMENT OF REGULATION NO. 16(1) OF THE LISTING REGULATION
AND OTHER APPLICABLE PROVISIONS]

[THIS POLICY WAS APPROVED IN 256th MEETING OF THE BOARD OF DIRECTORS OF
NABARD HELD ON 19 March 2024]:

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

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Main Document

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| 1 | | Based on the requirement of regulation no. 16(1) of the listing regulation and other applicable provisions | Board of Directors |

Policy on Determining Material Subsidiary

1. Purpose

National Bank for Agriculture and Rural Development (NABARD) has formulated this Policy for determining Material Subsidiary of NABARD in accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), which requires every listed company to formulate a policy for determining a “material” subsidiary.

The objective of this Policy is to determine:

- a) Meaning of Material Subsidiary;
- b) Restriction on disposal of shares of Material Subsidiary;
- c) Restriction on transfer of assets of Material Subsidiary; and
- d) Disclosure requirements pertaining to subsidiaries under Listing Regulations as may be applicable to NABARD.

2. Definitions

- a) “**Board of Directors**” shall mean the Board of Directors of NABARD.
- b) “**Audit Committee**” means the Audit Committee of the Board constituted by the Board of Directors of NABARD.
- c) “**Control**” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.
- d) “**Significant Transaction and Arrangement**” means 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.
- e) “**Subsidiary**” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 and established as per NABARD Act, 1981. Unless otherwise stated, all terms appearing in this Policy shall have the same meaning assigned to them in the Regulations from time to time.

3. **Meaning of Material Subsidiary:** ‘Material Subsidiary’ means a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of NABARD and its subsidiaries in the immediately preceding accounting year.

4. Restriction on Disposal of shares of Material Subsidiary

NABARD 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 or equal to fifty percent (50%) or cease the exercise of control over the subsidiary unless approved by Board of Directors or except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal as per the applicable provisions of insolvency code.

5. Restriction on disposal of its assets of Material Subsidiary

NABARD shall not sell, dispose and lease assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year unless approved by Board of Directors or unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a court/tribunal as per the applicable provisions of insolvency code.

6. Other Corporate Governance Requirements with respect to Subsidiary of NABARD

- a) The Audit Committee of NABARD shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- b) The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the Board meeting of NABARD.
- c) NABARD to identify applicability of the materiality criteria that qualifies such a Subsidiary to be considered as a Material Subsidiary on an annual basis.
- d) The management of the material 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.
- e) The material unlisted subsidiary of NABARD incorporated in India shall undertake secretarial audit and shall annex Secretarial Audit Report, given by a Company Secretary in practice, in such form as may be specified in the Annual Report of NABARD.

7. Review / Amendments to Policy

The Policy would be reviewed on an annual basis by the Board of Directors. In case, there are any regulatory changes requiring modifications to the Policy, the amended regulatory

requirements will supersede the existing Policy till the time Policy is suitably amended.

8. Disclosure

The Policy for determining Material Subsidiaries shall be disclosed on the website and a web link thereto shall be provided in the Annual Report.

9. Applicability

The policy shall come into effect from 01 April 2024.