

UPSURGE INVESTMENT & FINANCE LIMITED

POLICY ON MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the “Board”) of Upsurge Investment & Finance Limited (the “Company”) has adopted the following policy and procedures with regard to Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

2. POLICY OBJECTIVE

This policy is framed as per the requirements of Regulation 16(c) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) for determination of Material Subsidiaries of Company and to provide for the governance framework for such identified subsidiaries.

3. DEFINITIONS

“Applicable Law” includes (a) the Companies Act, 2013 (the Act) including Companies (Amendment) Act, 2017 and rules made thereunder; (b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Listing Regulations); (c) any other statute, law, standards, regulations.

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under Regulation 18 of the Listing Regulations and the Section 177 of the Companies Act, 2013.

“Board of Director” or “Board” means the Board of Directors of Upsurge Investment & Finance 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 for independence under the Companies Act, 2013 and the Listing Regulations.

“Policy” means Policy on Material Subsidiaries.

“Material Unlisted Indian Subsidiary” shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian stock exchanges.

“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 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

- i. Criteria for determining ‘Material Subsidiary’: A subsidiary company of the Company shall be a ‘Material Subsidiary’, if
 - a) its income exceeds 10% of the consolidated income of the Company in the immediately preceding accounting year; or
 - b) its net worth exceeds 10% of the consolidated net-worth of the Company in the immediately preceding accounting year .
- ii. One Independent Director of the Company shall be a director on the Board of Directors of the unlisted Material Subsidiary company, whether incorporated in India or not.

An unlisted Material Subsidiary company for the purposes of this clause shall mean a subsidiary company, whose income or net worth (i.e. paid up capital and free reserves) exceeds twenty percent of the consolidated income or net worth respectively, of the Company in the immediately preceding accounting year.

- iii. The Audit Committee of Board of Directors of the Company shall review the financial statements, in particular, the investments made by all the unlisted subsidiary companies on quarterly basis.
- iv. The minutes of the Board Meetings of all the unlisted subsidiary companies shall be placed before the Board of the Company on quarterly basis.
- v. The management of unlisted subsidiary shall on quarterly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by all the unlisted subsidiary companies.

Explanation – The term "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 unlisted subsidiary for the immediately preceding accounting year.

- vi. 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 on the board of material non-listed Indian subsidiary.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not without passing a special resolution in its general meeting:

- i. dispose of shares in its Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent; or
- ii. ceases the exercise of control over the subsidiary; or
- iii. 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.

Provided that no such prior approval of shareholders by way of special resolution in general meeting will be required if the sale, disposal, lease is made pursuant to a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency & Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

6. DISSEMINATION

Pursuant to Regulation 46 of the Listing Regulations, this Policy and any amendment thereto shall be posted on the website of the Company and a web link thereto shall be provided in the Annual Report.

7. POLICY REVIEW

This Policy may be amended and modified from time to time to ensure compliance with any modification or amendment to the Listing Regulations or any other Applicable Law or as may be otherwise prescribed by the Board from time to time.

8. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Applicable Law, the Applicable Law shall prevail over this Policy.