NATIONAL BANK FOR FINANCING INFRASTRUCTURE AND DEVELOPMENT

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Version 1.0: October 2026)



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1. Introduction

This Policy shall be called 'Policy for Determining Material Subsidiaries". This Policy has been formulated by the Institution to establish a framework for identifying material subsidiaries and ensuring compliance with Regulation 62L and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to High Value Debt Listed Entities.

2. Objective

This Policy provides the criteria for determining the materiality of subsidiary companies of National Bank for Financing Infrastructure and Development ("the Institution").

3. Definitions

"Act"	Means the National Bank for Financing Infrastructure and Development Act, 2021
"Control"	Control shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
"Institution"	National Bank for Financing Infrastructure and Development
"SEBI LODR"	Means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the circulars, notifications, FAQs etc. issued thereunder from time to time
"Subsidiary"	shall have the same meaning assigned to it under Section 2(87) of the Companies Act, 2013 as amended from time to time

Note: All other definitions used in this policy shall be as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended form time to time.

4. Criteria for Determining Materiality of Subsidiaries

As per Regulation 62L of SEBI LODR, a subsidiary of the Institution shall be considered material, **if the turnover or net worth of the concerned subsidiary exceeds twenty percent (20%) of the consolidated turnover or net worth respectively, of the Institution and its subsidiaries**, in the immediately preceding accounting year.

5. Ongoing Compliances for Unlisted Material Subsidiary (Pursuant to Regulation 62L of SEBI LODR)

a. The Audit Committee of the Institution shall review the financial statements and in particular, the investments made by the unlisted material subsidiary(ies).

b. The minutes of the meetings of the Board of Directors of the unlisted material subsidiary(ies) shall be placed at the meeting of the Board of Directors of the Institution.

c. A statement of all significant transactions and arrangements entered into by the unlisted material subsidiary(ies) shall be periodically brought to the notice of the board of directors of the Institution.

Explanation: — For this purpose, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent. of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding financial year.

6. Appointment of Independent Director on the Board of Unlisted Material Subsidiary

At least one independent director on the board of directors of the Institution shall be a director on the board of directors of an unlisted material subsidiary of the Institution, whether incorporated in India or not.

Pursuant to Regulation 62L of SEBI LODR, for the purpose of this compliance, the term "Material Subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent (20%) of the consolidated turnover or net worth respectively, of the Institution and its subsidiaries in the immediately preceding accounting year.

7. Secretarial Audit by Material Unlisted Subsidiaries incorporated in India

The Institution and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit as per Regulations 62M read with applicable provisions of Regulation 24A of SEBI LODR, as amended from time to time.

8. Restrictions on disposal of shares of a Material Subsidiary

The Institution shall not dispose of shares in its unlisted material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty per cent or relinquish the 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

9. Restriction on transfer of assets of a Material Subsidiary

Selling, disposing and leasing of assets amounting to more than twenty per cent. of the assets of the unlisted 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Nothing contained in this clause shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Institution.

10. Disclosure of the Policy

This Policy shall be disclosed on the Institution's website viz. www.nabfid.org and a web link thereto shall be provided in the Annual Report of the Institution, as required under the applicable laws.

11. Implementation of the Policy

The Company Secretary Department, in coordination with the Finance Department, shall determine the materiality status of each subsidiary annually, based on the latest audited financial statements of the Institution and its subsidiaries, and undertake the requisite compliances from time to time.

12. Review of the Policy

This shall come into effect from the date of approval of the Board of Directors. This Policy shall be subject to review on an annual basis or earlier, as may be deemed necessary or in accordance with any regulatory amendments, affecting the said policy.

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