

# **NILKAMAL LIMITED**

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARY OF THE COMPANY**

Version: 1 of 2015

Version approved by: The Board of Directors of Nilkamal Limited

Version approved on: 12<sup>th</sup> May, 2015

Effective Date: 12<sup>th</sup> May, 2015

Version: 2 of 2019

Version approved by: The Board of Directors of Nilkamal Limited

Version approved on: 6<sup>th</sup> August, 2019

Effective Date: 6<sup>th</sup> August, 2019

## **POLICY ON DETERMINING MATERIAL SUBSIDIARY OF THE COMPANY**

### **1. REGULATORY FRAMEWORK**

**1.1** This policy (“**Policy**”) of Nilkamal Limited (“**Company**”) has been prepared in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) as amended from time to time. The said policy

**1.2** Regulation 16(1)(c) read with Regulation 46(2)(h) of Listing Regulations requires the Company to formulate a policy for determining ‘material’ subsidiary and disclose such policy on its website.

**1.3** The objective of this policy is to determine the material subsidiaries (defined herein below) of the Company and to provide a governance framework for such subsidiaries.

**1.4** This Policy has been adopted by the Board of Directors at its meeting held on 12<sup>th</sup> May, 2015.

**1.5** All words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“**Act**”) and the Rules, Notifications and Circulars issued thereunder, as amended from time to time.

### **2. DEFINITIONS**

**2.1** “**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of Listing Regulations.

**2.2** “**Board of Directors**” or “**Board**” means Board of Directors of the Company.

**2.3** “**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 in accordance with Section 149 the Act and Regulation 16(1) (b) of Listing Regulations.

**2.4** “**Significant transaction or arrangement**” means any individual transaction or arrangement that exceeds or is likely to exceed ten percent (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.

### **3. MEANING OF MATERIAL SUBSIDIARY**

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

### **4. COMPLIANCE WITH RESPECT TO MATERIAL SUBSIDIARY**

#### **4.1 REQUIREMENT OF INDEPENDENT DIRECTOR IN CERTAIN UNLISTED MATERIAL SUBSIDIARIES**

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

**4.1.2** For the purposes of Clause 4.1.1, notwithstanding anything to the contrary contained in this Policy, the term “**material subsidiary**” means a subsidiary, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

#### **4.2 RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY**

**4.2.1** 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 (50%) or cease the exercise of control over the subsidiary without passing a special resolution in a General Meeting of its shareholders 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 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### **4.3 RESTRICTION ON TRANSFER OF ASSETS OF MATERIAL SUBSIDIARY**

**4.3.1** The Company 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 without taking 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 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

## **5 COMPLIANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY COMPANY(IES)**

**5.1** The Audit Committee of the Company shall review the financial statements, particularly the investments made by the unlisted subsidiary.

**5.2** The minutes of the meeting of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.

**5.3** The management of the unlisted subsidiary shall periodically bring to the notice of the board of the directors of the Company, a statement of Significant transactions and arrangements entered into by the unlisted subsidiary.

**5.4** The Company 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 prescribed.

**5.5** The Company shall disclose this Policy on it's website at nilkamal.com and a web link thereto shall be provided in the Board's Report.

## **6. DISCLOSURES**

**6.1** The Company shall disclose this Policy on its website and a weblink thereto shall be provided in the Annual Report.

## **7. AMENDMENT**

**7.1** Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by Securities and Exchange Board of India/Stock Exchanges, that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s). Such amendments shall be brought to the attention of the Board of Directors.

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