

NILKAMAL LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY OF THE COMPANY

TITLE

This Policy shall be called 'Policy for determining material subsidiaries'.

OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of the Securities Exchange Board of India (Listing and Disclosure Obligations Regulations) Requirements, 2015 (including any amendments thereof).

DEFINITIONS

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Securities Exchange Board of India (Listing and Disclosure Obligations Regulations) Requirements, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

Material Subsidiary:-

A subsidiary shall be considered as Material if the income or net worth of the Subsidiary, exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Requirement regarding Material Subsidiary

1. The Company, without passing a special resolution in its General Meeting, shall not:-
 - dispose shares in the 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 subsidiary or
 - sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

unless in cases where the divestment/ 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.

2. The material unlisted subsidiaries incorporated in India shall undertake secretarial audit. Such Secretarial Audit report shall be annexed with the annual report of the Company.
3. At least one Independent Director on the Board of Directors of the Company shall be appointed as a Director on the Board of Directors of an Unlisted Material Subsidiary, whether incorporated in India or not if such Material Subsidiary shall have an income or net worth exceeding twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s), based on the recommendations of the Audit Committee.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Securities Exchange Board of India (Listing and Disclosure Obligations Regulations) Requirements, 2015 / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Securities Exchange Board of India (Listing and Disclosure Obligations Regulations) Requirements, 2015 / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISSEMINATION OF POLICY

This policy shall be placed under a separate section on the website of the Company and a weblink thereto shall be provided in the annual report of the Company.