

NITCO LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

The Objective of this Policy is to determine the Material Subsidiaries of the Company and to provide the governance framework for such Subsidiaries, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), covering the following:

- i) meaning of “Material Subsidiary”;
- ii) requirement of Independent Director in certain Unlisted Material Subsidiaries;
- iii) restriction on disposal of shares of a Material Subsidiary;
- iv) restriction on transfer of assets of a Material Subsidiary;
- v) secretarial audit by Material Unlisted Subsidiaries incorporated in India; and
- vi) disclosure requirements as prescribed under the SEBI Listing Regulations.

A list of such Material Subsidiaries shall be presented to the Audit Committee of the Company, annually for its noting.

Definitions:

“**Act**” means the Companies Act, 2013 and the rules made thereunder (including any statutory modification/re-enactment thereof for the time being in force).

“**Company**” means “NITCO Limited ”

“**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.

“**Material Subsidiary**” means, unless otherwise expressly defined, a Subsidiary, whose turnover or net worth exceeds ten percent (10%) of the consolidated -turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year

“**Subsidiary**” shall have the same meaning as defined under Section 2(87) of the Companies Act, 2013.

“**Significant Transaction or Arrangement**” means any individual transaction or arrangement that exceeds or is likely to exceeds 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.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

Objective:

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

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

Independent Director on the Board of Directors ('the Board') of an Unlisted Material Subsidiary -

At least one Independent Director on the Board of Directors ('the Board') of the Company shall be a Director on the Board of an Unlisted Material Subsidiary, whether incorporated in India or not.

The term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. A list of such unlisted Material subsidiaries shall be presented to the Audit Committee annually for its noting.

For the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI Listing Regulations, 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 listed entity and its subsidiaries in the immediately preceding accounting year.

Restriction regarding Material Subsidiary

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 or equal to 50% or
- cease the exercise of control over the Material 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.

Nothing contained herein shall be applicable if such sale, disposal or lease of assets is between two Wholly-Owned Subsidiaries of the Company.

Secretarial Audit by Material Unlisted Subsidiaries incorporated in India

The Company and its Material Unlisted Subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the Annual Report of the Company.

Significant Transactions and Arrangements of a Unlisted Subsidiary:

The management of Unlisted Subsidiary shall periodically bring to the Notice of the Board of the Company, a statement of all significant transactions and arrangements entered into by any Unlisted Subsidiary.

The term “significant transaction or arrangement” for the purpose of this clause shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (Ten) of the total revenue or total expenses or total assets or total liabilities as the case may be for the immediately preceding accounting year of the Unlisted Subsidiary Company.

The Company shall disclose all events with respect to its Subsidiaries which are Material for the Company.

Minutes of the Unlisted Subsidiary

The Minutes of the Meeting of the Board of the Unlisted Subsidiary Company shall be placed before the Meeting of the Board of Directors of the Company.

Review of Financial Statements of Unlisted Subsidiary Company.

The Audit Committee of the Company shall also review the Financial Statements, in particular the investments made by the Unlisted Subsidiary.

Disclosures

As required under the SEBI Listing Regulations, this Policy shall be disclosed on the Company’s website <https://www.nitco.in/corporate/investors/nitco-policy> and a web link thereto shall be provided in the Annual Report.

Review of the Policy

This Policy shall be subject to review as may be deemed necessary or in accordance with any regulatory amendments, which affects the said Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy. The Board may review and amend this Policy from time to time, as may be deemed necessary.

Scope and Limitation

In the event of any conflict between the provisions of this Policy and the SEBI Listing Regulations or the Act or any other relevant Legislation/ Regulation applicable to the Company, the provisions of the SEBI Listing Regulations or the Act or such other relevant law / regulation shall prevail over this Policy