

NITCO LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

This Policy for determining Material Subsidiaries is being formulated in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof) to be effective from 1st December, 2015. This policy for determining Material Subsidiaries has been approved and adopted by the Board of Directors.

Definitions:

“Board of Directors” or **“Board”** means the Board of Directors of Nitco Limited.

“Policy” or **“This Policy”** means Policy for determining Material Subsidiaries.

“Company” means Nitco Limited.

“Subsidiary” shall mean as defined under the Companies Act, 2013 and the Rules made thereunder. Where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

“Material Subsidiary” is 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.

“Material Non Listed Indian Company” means an unlisted subsidiary incorporated in India whose income or net worth (i.e. paid up share capital and free reserves) exceeds twenty percent (20%) of the consolidated income or net worth respectively of the Company and its Subsidiaries in the immediately preceding accounting year.

“Significant Transaction or Arrangement” means 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 material unlisted subsidiary for the immediately preceding accounting year.

Any other term not defined above shall have the same meaning ascribed to it, as defined under Companies Act, 2013 or the Rules framed thereunder, the SEBI (LODR) Regulations,

2015, Act, Rules and Regulations framed by the Securities and Exchange Board of India or any other relevant legislation/regulation applicable to the company.

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).

Policy:

A subsidiary shall be considered as material if:

- a) The net worth of the Subsidiary Company exceeds twenty percent of the consolidated net worth of the company in the immediately preceding accounting year

OR

- b) The subsidiary has generated twenty percent of the consolidated income of the company in the immediately preceding accounting year

Material Non Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- a) Net worth exceeds 20% of the consolidated net worth of the company as per the audited balance sheet of the previous financial year

OR

- b) Income exceeds 20% of the consolidated income of the company as per the audited balance sheet of the previous financial year

A List of such Material Subsidiaries and Material Non Listed Subsidiaries shall be presented to the Audit Committee annually for its noting.

Independent director on the Board of a Material Non Listed Indian Subsidiary:

At least one Independent Director on the Board of the Company shall be a director on the Board of a Material Non Listed Indian Subsidiary.

The company may also appoint Independent Director(s) on the board of an overseas subsidiary company, as they may deem necessary.

Significant Transactions/Arrangements of a Non Listed Material Subsidiary:

The management should periodically bring to the attention of the board of the Company, a Statement of all Significant Transactions and Arrangements entered into by any Unlisted Material Subsidiary Company.

Restriction on Disposal of Shares of a Material Subsidiary:

The Company shall not dispose of Shares in its Material Subsidiary, which would reduce 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 its General Meeting, except in such cases where divestment is under a scheme of arrangement, duly approved by a Court/Tribunal.

Restriction on Transfer of Assets of a Material Subsidiary:

Selling, disposing and leasing of Assets, amounting to more than twenty percent (20%) of the Assets of a Material Subsidiary on an aggregate basis during a financial year, shall require prior approval of shareholders of the Company by way of Special Resolution, unless the sale/disposal/lease is made under a scheme of arrangement, duly approved by a Court/Tribunal.

Amendments:

The Board shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy.

Interpretation:

Any words used in the Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and

regulations made there under, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof) or any other relevant legislation/ law applicable to the Company.

Review of the Policy:

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.