

Nalwa Sons Investments Limited

CIN: L65993DL1970PLC146414

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

*(Adopted by the Board of Directors effective from 12th August, 2014 and last amended
on 13th February, 2025)*

1. BACKGROUND

In terms of the provisions of Regulation 16 (c), 46 (2) (h) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR)"), as may be amended from time to time, every listed Company is required to formulate a policy for determining "material subsidiaries" and such policy shall be disseminated on the Company's website and a web link thereto shall be provided in the annual report of the Company.

Accordingly, the Board of Directors of Nalwa Sons Investments Limited ("the Company") has adopted the policy for determining the "material subsidiaries" in terms of the provisions of the SEBI (LODR). This policy may be reviewed and amended from time to time.

2. OBJECTIVE

This Policy aims to determine the material subsidiaries of the Company and provide a governance framework for such material subsidiaries as per the requirements of the SEBI (LODR).

3. DEFINITIONS:

In this Policy, unless the context otherwise requires:

"Act" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Audit Committee" or **"Committee"** means Committee of Board of Directors of the Company constituted under provisions of SEBI (LODR) and Companies Act, 2013.

"Board of Directors" or **"Board"** means the Board of Directors of the Company.

"Independent Director" shall mean a Director of the Company, not being a Wholtime Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria laid down under Section 149 of the Companies Act, 2013 and the SEBI (LODR), as amended from time to time.

A **"Material Subsidiary (ies)"** shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

A **"Material Unlisted Indian Subsidiary (ies)"** shall mean shall mean an unlisted subsidiary, incorporated in India, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Net Worth” shall mean as defined under the Companies Act, 2013 read with relevant Rules made there under, as may be amended from time to time

“Policy” means this Policy, as may be amended from time to time.

“Subsidiary” shall mean a subsidiary as defined under the Companies Act, 2013 read with relevant Rules made there under, as may be amended from time to time.

“Significant Transaction or Arrangement” shall mean 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 unlisted Subsidiary for the immediately preceding accounting year.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (LODR) 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.

4. POLICY REQUIREMENTS

- a. At least One Independent Director of the Company shall be a director on the Board of Directors of the Unlisted Material Subsidiary, whether incorporate in India or not.

[Explanation: Only for the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.]

- b. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on a quarterly basis.
- c. The minutes of the meeting of the Board of Directors of the unlisted Subsidiary Companies shall be placed before the Board of Directors of the Company.
- d. The management shall, on annual basis, bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and Arrangements entered into by the unlisted Subsidiary Company.
- e. Every Material Unlisted Indian Subsidiary of the Company shall undertake secretarial audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and the Company shall annex with its annual report, a secretarial audit report, in such form as may be prescribed.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without prior approval of the members by Special Resolution, shall not:

- a. Dispose off shares in Material Subsidiaries that reduces 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
- b. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year.

The approval of shareholders shall not be required in case where such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

In cases where such divestment/sale/ disposal/ lease is made under the scheme of arrangement duly approved by a Court/ Tribunal or under a 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, no such resolution of the shareholders will be required to be passed.

7. DISCLOSURES

The necessary disclosures for the policy shall be made in terms of the provisions of the SEBI (LODR) and Companies Act, 2013 which inter-alia includes the following:

- a. The compliance with the requirements of this Policy shall be mentioned in the quarterly compliance report submitted to the Stock Exchanges.
- b. This Policy for determining material subsidiaries shall be uploaded on the website of the Company at www.nalwasons.com and a web link thereto shall be provided in the Annual Report of the Company.

8. REVIEW:

This Policy may be reviewed or amended by the Board of Directors of the Company in accordance with the statutory requirements.
