

# **NALWA SONS INVESTMENTS LIMITED**

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

## **1. BACKGROUND AND OBJECTIVE:**

Nalwa Sons Investments Ltd ("NSIL" or "Company") is governed amongst others by the rules and regulations framed by Securities Exchange Board of India ("SEBI"). SEBI, in its circular dated September 02, 2015 revised Listing Regulations and introduced new and revised regulations, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "listing regulations") for listed entities. The Board of Directors (the "Board") of the Company has adopted the policy and procedures for determining 'material' subsidiary companies ("Policy") in accordance with the provisions of Regulation 16(1)(c) of the Listing Agreement. This Policy will be used to determine the Material Subsidiaries and Material Non-listed Indian Subsidiary of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the 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 made/issued there under, as amended, from time to time. The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

## **2. 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.

Any word used in this Policy but not defined herein shall have the same meaning ascribed to it in the Act, SEBI Act or Rules and Regulations made thereunder, Accounting Standards or any other relevant legislation / law applicable to the Company.

## **3. POLICY REQUIREMENTS:**

- i. At least one Independent Director of the Company shall be a director on the Board of Material non-listed Indian Subsidiary Company.
- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the non-listed Subsidiary Company on an annual basis.
- iii. The minutes of the Board meetings of the non-listed Subsidiary Companies shall be placed before the Board of the Company.
- iv. 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 non-listed Subsidiary Company.

- v. The Company shall in the first quarter of every financial year, determine whether any of its subsidiary falls under the criteria for Material Subsidiary and Material non-listed Subsidiaries as defined above. In case of the Subsidiary falls under such criteria, the same shall be reported with necessary compliance requirements to the Board for its noting and necessary directions.

#### **4. DISPOSAL OF MATERIAL SUBSIDIARY**

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

- a. Dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% of the paid up share capital of such Material Subsidiaries; or
- b. Cease to exercise control over the subsidiary; or
- c. Sell, dispose or lease the assets amounting to more than 25% of the assets of the material Subsidiary.

#### **5. LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this policy.

#### **6. DISCLOSURES**

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

#### **7. REVIEW:**

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

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