

POLICY FOR DETERMINING MATERIAL SUBSIDIARY(IES)

1. Introduction:

In terms of Regulation 16(1)(c) of the Regulations, the Company was required to formulate and implement a policy for determining ‘material’ subsidiaries. The Board of Directors of Nelcast Limited (the “Company”) had adopted the Policy for determining for Material Subsidiary(ies) and procedures with regard to determination of material subsidiary (ies) at their meeting held on 10th February 2020. At the time of formulating the Policy, the Company had no material subsidiaries and there was no immediate applicability. However, the Policy was devised in order to cater to the needs of the Company in future when the Company would have a material subsidiary(ies).

This policy for determining a material subsidiary (“Policy”) of the Company has been adopted, in accordance with the Listing Regulations. The Board of Directors of the Company may amend this policy from time to time provided such amendments are in line with the Listing Regulations.

Objective:

The objective of this Policy is to set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

2. Definitions:

“**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“**Audit Committee**” means Committee constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Company**” means Nelcast Limited.

“**Control**” shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Independent Director” shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act, 2013, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“Material Subsidiary” “means a subsidiary 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” means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“Policy” means this Policy for determining Material Subsidiaries.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the

- i) total revenues; or
- ii) total expenses; or
- iii) total assets; or
- iv) total liabilities;

as the case may be, of the Unlisted Subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

“Unlisted Material Subsidiary” means a Material Subsidiary whose equity shares are not listed on any recognized stock exchange in India.

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3. **Determination of Material Subsidiary:**

A Subsidiary of the Company shall be considered as a ‘Material Subsidiary’, if the income or net worth of the Subsidiary exceeds 10 % of consolidated income or net worth respectively of the Company and its subsidiaries as per the audited financial statements of the immediately preceding financial year.

The Company shall, on formation of a Subsidiary, at the end of every year, determine whether the Subsidiary falls under the criteria for Material Subsidiary as defined above. In case the Subsidiary falls under such criteria, the same is to be reported to the Board for its noting at the first instance.

4. Governance Framework:

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary company.
2. The minutes of the Board meetings of the Unlisted Subsidiary companies shall be placed at the Board Meeting of the Company.
3. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of unlisted Material Subsidiary, whether incorporated in India or not.

For the purpose of the above mentioned point 3., the term “material subsidiary” means a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4. The management of the Unlisted Subsidiary shall quarterly bring to the notice of the Board of the Company, a statement of all Significant Transaction(s) and Arrangement entered into by the Unlisted Subsidiary/ies.

5. Disposal of Material Subsidiary:

The Company shall not:

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 a general meeting of its shareholders except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal.

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the 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.

6. Disclosures:

This Policy shall be disclosed on the website of the Company www.nelcast.com and a web link thereto shall be provided in the Annual Report of the Company.