



NILACHAL REFRACTORIES LIMITED

CIN: L26939OR1977PLC000735

30, J.L. Nehru Road, Kolkata – 700016, W.B. Ph.: 033 – 224 99511,

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES



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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

PURPOSE OF THE POLICY

The Board of Directors of Nilachal Refractories Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries and disclosures thereof as required under the Listing Regulations. The Policy also intends to ensure governance of Material Subsidiary Companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions /arrangement, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

OBJECTIVE OF THE POLICY

The objective of this Policy is to determine (a) Meaning of Material subsidiary (b) Requirement of Independent Director in certain unlisted Material subsidiaries, incorporated in India (c) Restriction on disposal of shares of Material Subsidiary by the Company (d) Restriction on transfer of assets of Material Subsidiary and (e) disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR) (including any amendments thereof).



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DEFINITIONS

“Act” means the Companies Act 2013 as may be amended from time to time;

“Audit Committee” implies the audit committee constituted by the Board of Directors of the Company from time to time under provisions of the Listing Regulations and the Companies Act, 2013;

“Board of Directors” or **“Board”** means the Board of Directors of Nilachal Refractories Limited, as constituted from time to time;

“Company” means Nilachal Refractories 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;

“Independent Director” means a Non-Executive Director of the Company, other than a Nominee Director and who is neither a Promoter nor belongs to the Promoter Group of the Company and who is not a Non-Independent Director of another Company on the Board of which any Non-Independent Director of the listed entity is an Independent Director and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Regulations;

“Listing Regulations” implies the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 including any amendments thereof;

“Subsidiary” means a subsidiary as defined under the Act and Rules made there under.

“Material Subsidiary” implies 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.



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“Unlisted Material Subsidiary” implies an unlisted Subsidiary (which is not listed on the Indian Stock Exchanges), incorporated in India, 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.

“Policy” implies this policy on determination of Material Subsidiaries of the Company.

“Significant Transaction or Arrangement” implies 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 herein shall have the same meaning as defined in the Companies Act, 2013, the, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

REQUIREMENT REGARDING MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not: -

- Dispose shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the 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.



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ADDITIONAL REQUIREMENT FOR MATERIAL NON-LISTED SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed subsidiary company.

For the purposes of this requirement, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

REQUIREMENT REGARDING UNLISTED SUBSIDIARY COMPANY

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- The Management shall periodically 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.

As prescribed by revised Clause 46(2)(h) of the Listing Regulations, this Policy shall be disclose on the Company’s website and a web link thereto shall be provided in the annual report.

AMENDMENTS / REVIEW OF THE POLICY

The Board may, subject to applicable laws amend /Review any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.



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SCOPE AND LIMITATION

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

COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.