

**POLICY**

**FOR**

**DETERMINING**

**MATERIAL SUBSIDIARIES**

## 1. PREAMBLE

Pursuant to explanation of regulation 16 (1) (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires every listed company to formulate a policy for determining a “material” subsidiary and Regulation 46(2)(h) of the Listing Regulations requires each listed company to publish such policy under a separate section on its website.

This policy for determining a material subsidiary (“Policy”) of Niraj Cement Structurals Limited (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.

## 2. OBJECTIVE

This Policy lays down the criteria for determining and dealing with material subsidiary of the Company and disclosure thereof as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy also intends to ensure governance of Material Subsidiary Company by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiary by the Company.

## 3. MATERIAL SUBSIDIARIES

**“Material Subsidiary”** shall mean 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. APPOINTMENT OF INDEPENDENT DIRECTOR**

Pursuant to the provision of Regulation 24 (1) of the Listing Regulations, at least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

*Explanation - For the purposes of this clause, notwithstanding anything to the contrary contained in clause 3, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.*

#### **5. DISPOSAL OF MATERIAL SUBSIDIARIES**

- a. Pursuant to the provision of Regulation 24 (5) of the Listing Regulations, the Company shall not dispose shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the Subsidiary, without passing a Special Resolution in its General Meeting, except in cases where such divestment 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.
- b. Pursuant to the provision of Regulation 24 (6) of the Listing Regulations, Selling, disposing and leasing of the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a Financial year, shall require prior approval of the shareholders by way of special resolution, unless the 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.

## **6. SECRETARIAL AUDIT**

Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with the annual report of the listed entity.

## **7. DISCLOSURES**

This policy shall also be uploaded on the website of the Company and a web-link thereto shall be provided in the Annual Report of the Company.

## **8. POLICY REVIEW**

The policy subject to review as may be deemed necessary and in accordance with any regulatory amendments. This policy has been approved by the Board of Directors of the Company in their meeting held on 10<sup>th</sup> February, 2022 would be effective from 10<sup>th</sup> February, 2022.

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