



Holdings South Limited

NEL HOLDINGS SOUTH LIMITED

CIN: L93000KA2004PLC033412

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MATERIAL SUBSIDIARY POLICY

(As approved by the Board at its meeting held on 29th April, 2022)

1. PREAMBLE

NEL Holdings South Limited (“NEL” or “Company”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) lays out regulatory requirements for material subsidiary companies.

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 Regulations.

The Audit Committee will review the policy periodically and may amend the same from time to time.

2. PURPOSE

This Policy will be used to determine the Material Subsidiaries and Material Unlisted Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. DEFINITIONS

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications or re-enactment thereof.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under the provisions of Listing agreement and section 177 of the Companies Act, 2013.

“Board” or “Director” shall mean Board of Directors of the Company.

“Company” shall mean NEL Holdings South Limited.

“Consolidated Income” or “Consolidated Net worth” means the total income or net worth of the Company and its subsidiaries.

“Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent (earlier 20%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Material Unlisted Subsidiary” shall mean an unlisted subsidiary, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent (earlier 20%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“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.

“Unlisted Subsidiary” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

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 thereunder, as amended, from time to time.

4. POLICY AND PROCEDURE

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
2. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
2. The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
3. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), 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.
4. 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 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 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.

5. 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 shall require prior approval of 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.

5. AMENDMENTS:

This Policy may be amended by the Company Secretary & Chief Compliance Officer at any time subject to;

- (i) Any amendments to the Companies Act, 2013; and
- (ii) Any amendments or modifications to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

6. GENERAL

- (i) This Policy with any amendments other than as referred to in the Point No. 5 shall be placed before the subsequent Board Meeting;
- (ii) The amended policy shall be hosted on the Company's website and shall also be communicated to all the concerned persons of the Company and its subsidiaries.
- (iii) Nothing in this Policy shall override any provisions of law made in respect of any matter stated herein.
