

NITIRAJ ENGINEERS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

The provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 becomes applicable to all listed Company effective 1st December 2015. Amongst others, the Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dealt with the Material Subsidiary and to formulate the Policy for determining Material Subsidiary of the Company which provides:-

“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.

Explanation.-The listed entity shall formulate a policy for determining material subsidiary.

1. Preface

The Corporate Governance has been an integral part of the way, the Company – NITIRAJ ENGINEERS LIMITED has been doing its business since inception. As a part of the Corporate Governance and pursuant to the Regulation 16(1) (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as ‘the Listing Regulations’ or ‘SEBI (LODR) Regulations’), the Board of Directors (‘Board’) of the Company has formulated, approved and adopted the following policy and procedures with regard to determining Material Subsidiary of the Company.

2. Definitions

- (a) **“Audit Committee”** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and the Listing Agreement.
- (b) **“Board of Directors”** or **“Board”** means the Board of Directors of NITIRAJ ENGINEERS LIMITED, as constituted from time to time.
- (c) **“Company”** or **“the Company”** means NITIRAJ ENGINEERS LIMITED.
- (d) **“Independent Director”** means a director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the

Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Agreement with the Stock Exchange/s.

- (e) **“Policy”** means the Policy for determining Material Subsidiary of the Company.
- (f) **“Material Non-Listed Indian Subsidiary”** mean a Material Subsidiary which is incorporated in India and which is not listed on any of the Stock Exchanges in India.
- (g) **“Significant Transaction or Arrangement”** means any individual transaction or arrangement that exceeds or is likely to exceed ten percent (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.
- (h) **“Subsidiary”** shall mean a subsidiary as defined under the Companies Act, 2013.

3. Policy

- I. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:-
 - a) A company, in which the investment of the Company or the proposed investment, exceeds twenty percent (20%) of its consolidated net worth as per the audited balance sheet of the previous accounting year; or
 - b) Which has generated twenty percent (20%) of the consolidated income of the Company during the previous accounting year.
- II. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- III. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.
- IV. The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed before the Board of the Company on a quarterly basis.
- V. The management shall on a quarterly 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 unlisted Subsidiary.

- VI. The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.
- VII. The Company, without the prior approval of the members by special resolution or a resolution with majority as may be prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges, shall not:
- a) Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%); or
 - b) Ceases the exercise of control over the Material Subsidiary; or
 - c) Sell, dispose of or lease the assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during an accounting year;

Except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court/Tribunal.

4. Disclosures

This Policy for determining Material Subsidiary of the Company shall be disclosed to all concerned as per requirements of the provisions of all the applicable legislations.

5. Policy Review

This Policy is framed based on the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. In case of any subsequent changes in the Regulations which make any of the provisions in the Policy inconsistent with the Regulations, the provisions of the regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Board of Directors as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Board. Any changes or modification in the Policy would be approved by the Board of Directors and the decision of the Board in this respect shall be final and binding.

6. Policy Severable

This Policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this Policy being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.