

# **NIBE LIMITED**

CIN: L34100PN2005PLC205813

## **POLICY ON MATERIAL SUBSIDIARIES**

### **1. INTRODUCTION:**

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of Nibe Limited ("the Company"), has adopted a policy for determination of the material subsidiaries of the Company and to provide the governance framework for such material subsidiaries.

### **2. OBJECTIVE**

The objective of the Policy is to put in place the criteria to determine Material Subsidiaries of the Company and to provide a governance framework for such Material Subsidiaries.

### **3. DEFINITIONS:**

- (i). "Act" shall mean the Companies Act, 2013 and rules made there under, as amended.
- (ii). "Audit Committee" or "Committee" means the audit committee constituted or reconstituted by the Board, as the case may be, as per the provisions of the Section 177 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- (iii). "Board" shall mean the Board of Directors of the Company.
- (iv). "Company" shall mean Nibe Limited.
- (v). "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, as amended from time to time, read with Section 149 of the Companies Act, 2013, including any modifications, amendments, clarifications, circulars, or re-enactments thereof.
- (vi). "Material Subsidiary" shall have the meaning as stated hereinafter in the Policy.
- (vii). "Policy" shall mean this policy on the identification of material subsidiaries.
- (viii). "Subsidiary" shall mean a subsidiary as defined under the Companies Act, 2013 and Rules made thereunder ("Act").
- (ix). "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.
- (x). "Subsidiary" shall be as defined under the Companies Act, 2013 and the rules made there under.
- (xi). "Unlisted Subsidiary" means a Subsidiary whose securities are not listed on any Stock Exchange.

#### **4. DETERMINATION OF “MATERIAL SUBSIDIARY:**

- a) 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, as the case may be, of the Company and its subsidiaries in the immediately preceding accounting year.
- b) Provided however, in case the Consolidated Net Worth being negative at the end of the immediately preceding financial year, the Material Subsidiary shall mean an Unlisted Subsidiary whose income exceeds 10 % of the Consolidated Income of the Company and its subsidiaries in the immediately preceding accounting year.
- c) 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 the criteria, the same is to be reported to the Board for its noting at the first instance.

#### **5. GOVERNANCE FRAMEWORK:**

- a. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary company.
- b. The minutes of the Board Meetings of the Unlisted Subsidiary companies shall be placed at the Board Meeting of the Company.
- c. 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 c, the term “material subsidiary” means a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- d. 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 by the Unlisted Subsidiary/ies.
- e. The listed Subsidiaries of the company, which is a holding company, the provisions of the SEBI Listing Regulations shall apply to the listed Subsidiary in so far as its Subsidiaries are concerned.
- f. The Unlisted Material Subsidiary, incorporated in India, shall undertake the 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 under the SEBI Regulations.

#### **g. DISPOSAL OF MATERIAL SUBSIDIARY:**

The Company shall not:

- dispose of shares in the Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries)

to less than or equal to 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 exchange within one day of the resolution plan being approved.

- sell, dispose or lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without obtaining 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 exchange within one day of the resolution plan being approved.

**h. AMENDMENTS:**

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. 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.

**i. DISSEMINATION OF POLICY:**

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

**j. SCOPE AND LIMITATIONS**

In the event of any conflict between the provisions of this Policy and the Act or Regulations or any other statutory enactments, rules, the provisions of the Act or Regulations or any other statutory enactments, rules shall prevail over this Policy. Any subsequent amendment or modification in the regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

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