



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Pursuant to Clause 49(V) of the Listing agreement entered into the stock exchanges in India)

1. Purpose of the Policy

The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof as required by Clause 49 V of the Listing Agreement.

2 Objective

2.1 The objective of this Policy is to determine -

- i) meaning of 'Material' Subsidiary
- ii) requirement of Independent Director in certain Material Unlisted Indian Subsidiaries
- iii) Restriction on disposal of shares of Material Subsidiary by the Company
- iv) Restriction on transfer of assets of Material Subsidiary and
- v) Disclosure requirements, based on Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

3. Definitions

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| “Company” | means NELCO 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. |
| “Material Subsidiary” | Implies a subsidiary in which the investment by the Company exceeds 20% of the consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year. |
| “Material Non Listed Indian Subsidiary” | implies an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up share capital and free reserves exceeds 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” | 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. |
| “Subsidiary” | shall mean as defined under the Companies Act, 2013 and the Rules made thereunder. |

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Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

4. Independent Director on the Board of Material Non Listed Indian Subsidiary

4.1 At least one Independent Director on the Board of the Company shall be a director on the board of the Material Non Listed Indian Subsidiary.

4.2 The Company may also appoint Independent Director(s) on the Board of the overseas subsidiary companies as they may deem necessary.

5. Significant transactions/arrangements of unlisted subsidiary companies.

The management should periodically bring to the attention of the Board a statement of all Significant Transactions and Arrangements entered into by the Unlisted Material Subsidiary Company.

6. Restrictions on disposal of shares of material subsidiary by the Company.

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 fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment is under a scheme of arrangement duly approved by a court/ tribunal.

7. Restriction on disposal of its assets of material subsidiary

7.1 Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of Arrangement duly approved by a Court/Tribunal.

8. Disclosures

As prescribed by revised Clause 49(V)(D) of the Listing Agreement, this Policy shall be disclosed in the Company's website and a web link thereto shall be provided in the annual report.

9. Review of the Policy

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.