

NIRAJ ISPAT INDUSTRIES LIMITED

CIN: L27106DL1985PLC021811

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

I. Definitions

- a) "Company" means Niraj Ispat Industries Limited.
- b) "SEBI LODR" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments thereof.
- c) "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.
- d) "Material subsidiary" is a subsidiary whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- e) "Subsidiary" shall be as defined under the Companies Act, 2013 and the rules made thereunder.

II. Purpose

The purpose of this Policy is determination of material subsidiaries of the Company and disclosures as required under SEBI LODR.

III. Objective

The objective of this Policy is to determine the meaning of material subsidiary of the Company and to provide a governance framework for such material subsidiaries.

- **Material subsidiary**

Subsidiary whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- **Governance Framework**

- i. **Significant Transactions / Arrangements of an unlisted subsidiary**

The management of the unlisted subsidiary should periodically submit to the Board of the Company, a Statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary.

ii. Requirement of Independent Director on the Board of Material unlisted Indian Subsidiaries

At least one independent director on the Board of the company shall be a director on the Board of an unlisted material subsidiary, incorporated in India.

iii. Restriction on disposal of Shares of a Material Subsidiary by the Company

The Company shall not dispose of shares in its Material Subsidiary, resulting in reduction of 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.

iv. Restriction on transfer of Assets of a Material Subsidiary

Selling, disposing and leasing of assets, amounting to more than twenty percent (20%) of the assets of a 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.

v. Disclosure requirements as may be applicable to the Company

As prescribed under Regulation 46(2) (h) of the SEBI LODR, this Policy shall be disclosed on the Company's website and the web link shall be provided in Annual Report.

IV. Amendments / modifications

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the LODR or any other applicable law, which makes any of the provisions in this policy inconsistent with the Companies Act, 2013 or the LODR or such applicable law, the provisions of the Companies Act, 2013 or the LODR or such applicable law would prevail over the policy. Any subsequent amendment / modification in the LODR, the Companies Act, 2013 and/or applicable laws in this regard shall automatically apply to this Policy.

V. Policy Review

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.