

## **Policy for determining Material Subsidiary**

### **1. Purpose and Scope:**

The Policy for determining ‘material’ subsidiary companies has been framed in accordance with the provisions of regulation 16(1)(c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”), (“SEBI LODR”) or (“Listing Regulations”).

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

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the LODR and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

### **2. Definitions:**

“**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or reenactments thereof.

“**Audit Committee**” means Committee constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Company**” means NINtec Systems Limited

“**SEBI LODR**” means the regulations as contained in the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 including any amendment or modification thereof.

**“Control”** shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**“Independent Director”** shall have the meaning as assign to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act, 2013, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

**“Material Subsidiary”** shall have the meaning as stated in Point No. 3 of this Policy.

**“Net Worth”** means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

**“Policy”** means this Policy for determining Material Subsidiary.

**“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the

- i. total revenues; or
- ii. total expenses; or
- iii. total assets; or
- iv. total liabilities;

as the case may be, of the Unlisted Subsidiary for the immediately preceding accounting year.

**“Subsidiary”** shall be as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

**“Unlisted Material Subsidiary”** means a Material Subsidiary whose equity shares are not listed on any recognized stock exchange in India.

**“Unlisted Subsidiary”** means a Subsidiary whose equity shares are not listed on any recognized stock exchange.

### 3. Identification of 'Material' subsidiary:

“Material subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

### 4. Governance framework:

- i. At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation-For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- iii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed at the meeting of the Board of directors of the Company.

### 5. Disposal of Material Subsidiary:

Company shall not:

- a. 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[or equal to]fifty percent 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 exchanges within one day of the resolution plan being approved
- b. 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 a Court/Tribunal.

- c. sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

#### **6. Policy Review**

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

#### **7. Website**

This Policy shall be disclosed on the website of the Company.

#### **8. Scope and Limitations:**

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