NIS MANAGEMENT LIMITED

POLICY ON MATERIAL SUBSIDIARIES

Approved by the Board on 12.08.2024

1. PURPOSE OF THE POLICY

The Policy for determining material subsidiary companies ("**Policy**") has been framed in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR**") and other applicable provisions (including any statutory enactments / amendments thereof).

The purpose of this Policy is to determine material subsidiaries of **NIS Management Limited** ("**Company**") and disclosure thereof as required under the LODR. The Policy also intends to ensure governance of material subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/ arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

2. The Policy shall be effective from the date of listing of securities of the Company.

3. DEFINITIONS

a. "**Audit Committee**" implies the audit committee constituted by the Board of Directors of the Company from time to time under provisions of the LODR Regulations and the Companies Act, 2013.
b. "**Board**" implies Board of Directors of the Company.
c. "**Companies Act**" means the Companies Act, 2013 and the rules made there under.
d. "**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.
e. "**Directors**" implies all the Directors on the Board.
f. "**ED**" implies Executive Director of the Company.
g. "**Independent Director**" or "**ID**" implies a non- executive Director of the Company, other than a nominee Director and who is neither a promoter nor belongs to the promoter group of the company, and who satisfies other criteria for independence mentioned in the Companies Act and the LODR Regulations.
h. "**Material Subsidiary**" means a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
i. "**Unlisted Material Subsidiary**" implies an unlisted subsidiary, incorporated in India, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
j. "**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 unlisted subsidiary for the immediately preceding accounting year.
k. "**Subsidiary**" shall have the same meaning as defined under section 2 (87) of the Companies Act and the rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the LODR Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation and the rules, notifications and circulars made/issued thereunder, as amended, from time to time.

4. OBJECTIVE OF THE POLICY

The objective of this Policy is to determine the:

a. Meaning of Material Subsidiary;
b. Requirement of ID in certain unlisted material subsidiaries, incorporated in India;
c. Restriction on disposal of shares of Material Subsidiary by the Company;
d. Restriction on transfer of assets of Material Subsidiary; and
e. Disclosure requirements, under the LODR and any other laws and regulations as may be applicable to the Company.

5. IDENTIFICATION OF MATERIAL SUBSIDIARY

The material subsidiary shall be identified in terms of the provisions of LODR as applicable for each case.

The Audit Committee shall, on need basis, review such details/information as may be required to determine the 'Material Subsidiaries'.

In case if a listed holding company has a listed subsidiary, the policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

6. GUIDING PRINCIPLES

"Material Subsidiary" and "Unlisted Material Subsidiary" of the Company would be identified, if any, as one-time exercise and such exercise shall be done on need basis and the conclusion shall be placed before the Audit Committee and the Board of the Company. The identification may happen soon after preparation of annual accounts and the outcome should be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

7. INVESTMENTS IN SUBSIDIARIES

Approval of the Board is required to invest more than 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year in a subsidiary of the Company.

The Managing Director/Whole-time Director shall provide the following details to the Board to consider the above referred investment:

a. Name of the company in which the Company proposes to invest;
b. Profile of the Company;
c. Objects of the investment;
d. Future prospects of the company in which the Company proposes to invest; and
e. Advantages of such investments.

While considering the proposal to invest as above the Board shall consider the following:

a. Whether the company/business in which the Company proposes to invest have potential to increase the profitability;
b. Whether such investment is for profit or strategic advantages;
c. Whether the objectives set out for such investments can be achieved and
d. Whether any alternate investment opportunity is available to achieve the objects set out for such investments.

8. GOVERNANCE FRAMEWORK

a. The Audit Committee of Board 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 before the Board of the Company.
c. The management shall periodically 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 Company.
d. At least one independent director of the Company shall be a director on the Board of the Unlisted Material Subsidiary (for this purpose of this clause notwithstanding anything to the contrary to this Policy and to the LODR the term material subsidiary shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year).

9. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

The Company shall not dispose off 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 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..

10. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY

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 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 exchanges within one day of the resolution plan being approved.

11. REPORTING AND DISCLOSURE

As prescribed under Regulation 46(2)(h) of the LODR Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

12. REVIEW OF THE POLICY

The Board of Directors of the Company or any duly authorized committee thereof, subject to applicable laws, may amend, suspend, or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors or such committee in linewith the broad intent of the Policy. The Board of Directors or such committee may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy. In the event of any conflict between the provisions of this Policy and of the applicable law dealing with the related party transactions, such applicable law in force from time to time shall prevail over this Policy.

13. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.