

**NOCIL LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

**Approved by Board of Directors on 25.03.2015**

# **NOCIL LIMITED**

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **INTRODUCTION**

The Board of Directors of NOCIL Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

### **TITLE**

This Policy shall be called 'Policy for determining material subsidiaries'.

### **OBJECTIVE**

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

The Policy is framed in accordance with the requirements of the Clause 49 of the Listing Agreement (including any amendments thereof).

### **DEFINITIONS**

**"Board of Directors"** or **"Board"** means the Board of Directors of NOCIL Limited, as constituted from time to time.

**"Company"** means NOCIL Limited.

**"Independent Director"** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

**"Policy"** means this Policy, as amended from time to time.

**"Subsidiary"** shall mean a subsidiary as defined under the Act and Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

A subsidiary shall be considered as **Material** if-

- the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

Material Non Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

Presently, the Company is having only one non-material and non-listed Indian subsidiary viz. PIL Chemicals Ltd.

#### **REQUIREMENT REGARDING MATERIAL SUBSIDIARY**

The Company, without passing a special resolution in its General Meeting, shall not:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

#### **REQUIREMENT REGARDING MATERIAL NON-LISTED INDIAN SUBSIDIARY**

In case of any subsidiary becoming a Material Subsidiary of the Company, the Board will ensure that at least one Independent Director on the Board of the Company is nominated and appointed on the Board of such material non-listed Indian subsidiary company and disclosure is made to the Board.

#### **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, based on the recommendations of the Audit Committee.

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.