Nitesh Estates Limited

CIN: L07010KA2004PLC033412

Registered Office: Nitesh Timesquare, 7th Floor, No.8, M.G. Road Bangalore-560001

MATERIAL SUBSIDIARY POLICY

1. PREAMBLE

The Board of Directors (the “Board”) of the Company has adopted this policy for determining 'material subsidiaries' of the Company. The Board reserves the right to review and amend this policy from time to time based on the recommendation(s) received from the Board and/or amendments or modifications in the applicable laws.

2. APPLICABILITY AND EFFECTIVE DATE

This Policy will be applicable to the Company with effect from 1st October, 2014 to determine the material subsidiaries based on this Policy and applicable laws and regulations.

3. PURPOSE

This Policy is framed as per the requirements of Clause 49 of the Listing Agreement (including any statutory enactments/ amendments thereof) executed by the Company with the Stock Exchanges and any other applicable laws. This Policy is intended to ensure the governance of material subsidiaries.

4. DEFINITIONS

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications or re-enactment thereof.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under the provisions of Listing agreement and section 177 of the Companies Act, 2013.

“Board” or “Director” shall mean Board of Directors of the Company.

"Company" shall mean Nitesh Estates Limited.

“Consolidated Income” or “Consolidated Networth” means the total income or networth of the Company and its subsidiaries.

“Material non-listed Indian subsidiary (MNS)” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

“Policy” means this Material Subsidiary Policy of the Company.

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"Significant transactions and arrangements" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding financial year.

5. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES:

A subsidiary shall be considered as a Material Subsidiary for the financial year, if any of the following conditions are satisfied:

a. Investment of the Company in the subsidiary exceeds 20% of its consolidated net worth; or

b. the subsidiary has generated 20% of the consolidated income of the Company during the financial year.

Consolidated Networth or Income, as the case may be, shall be as per the audited balance sheet of the previous financial year.

The Audit Committee to annually review the list of subsidiaries together with the details of the materiality defined herein.

6. GOVERNANCE:

i. At least one Independent Director on the Board of the Company shall be nominated / appointed as a director on the Board of material non-listed Indian subsidiary.

ii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the Material Subsidiaries on a quarterly basis.

iii. The minutes of the Board Meetings of the Material Subsidiaries be placed before the Board of the Company on regular intervals.

iv. The Board of Directors of the Company shall review all the significant transactions and arrangements entered into by the Material Subsidiaries, on a quarterly basis.

v. On the recommendation of the Nomination and Remuneration Committee of the Company, the Board may appoint such number of Independent Directors on the Board of Material Subsidiaries.

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vi. The Company, without the prior approval of the members by Special Resolution, shall not:

a. dispose the shares held in Material Subsidiary which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or

b. ceases the exercise of control over the Material Subsidiary; or

c. sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during the financial year.

Provided, such approval shall not be required in case the same is made under a scheme of arrangement duly approved by a Court/Tribunal

7. AMENDMENTS:

This Policy may be amended by the Board at any time and is subject to the (i) amendments to the Companies Act, 2013 (the Act 2013) and (ii) further amendments or modifications by the Securities and Exchange Board of India, including Listing Agreement.

8. GENERAL

This Policy and any amendments or replacements thereof will be posted on the Company's web site and will also be communicated to all the concerned persons of the Company and its subsidiaries. Nothing in this Policy shall override any provisions of law made in respect of any matter stated herein.

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