



NACL INDUSTRIES LIMITED

POLICY ON MATERIAL SUBSIDIARIES

1. Preamble

The following shall be the Policy on determining Material Subsidiaries of NACL Industries Limited ("Company"), as approved by the Company's Board of Directors. This Policy is subject to the Board's review and changes, as may be appropriate, from time to time in conformity with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Regulations"), as may be amended from time to time.

2. Purpose

The purpose of this Policy is to determine the Material Subsidiaries of the Company.

3. Definitions

- a) "Audit Committee" means the Audit Committee of Board of Directors of the Company;
- b) "Board" means the collective body of the Directors of the Company;
- c) "Material Subsidiary" means a subsidiary of the Company, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- d) "Significant Transaction or Arrangement" means any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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;
- e) "Subsidiary" means a company as defined under Section 2(87) of the Companies Act, 2013 and the Rules thereunder from time to time;
- f) "Policy" means this Policy on Material Subsidiaries.
- g) "Peer Reviewed Company Secretary" means a Company Secretary in practice as defined in Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Policy

- (a) At least one Independent Director on the Board of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purpose of this clause, notwithstanding anything to the contrary contained in the Regulations and the policy, the term "material subsidiary" shall mean a subsidiary, whose

income or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- (b) The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- (c) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.
- (d) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- (e) Without the prior approval of the shareholders of the Company by means of a special resolution the Company shall not:
 - 1) dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent, or cease to exercise control over the Subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a court or 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;
 - 2) sell/dispose/lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme or arrangement duly approved by a court or 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; The provision of this clause shall not apply if such sale, disposal or lease of assets is between wholly-owned subsidiaries of the Company.
 - 3) The material unlisted subsidiary/ies incorporated in India shall undertake a secretarial audit and annex a secretarial audit report, given by a company secretary in practice in such form as specified, with the annual report of the Company;
 - 4) Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this policy shall also apply to the listed subsidiary in so far as its subsidiaries are concerned.

5. Disclosure

This Policy shall be disclosed on the website of the Company and a weblink thereto be provided in the Annual Report of the Company. Further, a secretarial audit report issued by a peer

reviewed practicing company secretary in relation to the material unlisted Subsidiaries shall also be annexed in the Company's Annual Report.

6. General

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

In case of any amendment(s), clarification(s), circular(s) etc. issued by therelevant authorities, not being consistent with the provisions laid down underthis Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

**** This code of conduct was modified on 29.01.2026 ****