



POLICY FOR DETERMINING MATERIAL SUBSIDIARY OF THE COMPANY

NAGA LIMITED

CIN : L24246TN1991PLC020409

Registered Office: No.1, Anna Pillai Street,
Chennai - 600 001.

Corporate Office : No.1, Trichy Road, Dindigul – 624005.

Tel No. 044-25363535, 0451-2410168, 2410121

Email : marikannanv@nagamills.com

Website : www.nagamills.com

POLICY FOR DETERMINING
MATERIAL SUBSIDIARY OF THE COMPANY

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

DEFINITIONS:

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

Material Subsidiary:

The Company shall consider a subsidiary as a material subsidiary if the income or net worth of the subsidiary, exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Company shall follow such governance procedures in relation to subsidiaries, as may be outlined in the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and the Companies Act, 2013 from time to time.

Requirements regarding Material Subsidiary:

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

- dispose off shares in the 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 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 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. The material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit. Such Secretarial Audit Report shall be annexed with the Annual Report of the Company.

3. At least one Independent Director on the Board of Directors of the Company shall be appointed as a Director on the Board of Directors of an Unlisted Material Subsidiary, whether incorporated in India or not if such material subsidiary shall have an income or net worth exceeding twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4. The Management of the Company shall monitor and ensure that as and when any of the subsidiary is determined as Material Subsidiary the same shall be intimated to the Audit Committee. The Audit Committee shall review the same and make suitable recommendations to the Board to ensure compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard.

AMENDMENTS:

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s), based on the recommendations of the Audit Committee, to this Policy.

SCOPE AND LIMITATION:

In the event of any conflict between the provisions of this Policy and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISSEMINATION OF POLICY:

This Policy shall be placed under a separate section on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.