

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **PURPOSE & SCOPE:**

The Policy for determining "material" subsidiary company(s) has been framed in accordance to the provisions of Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.\*\*\*

The policy will be used to determine the MATERIAL SUBSIDIARIES of the Company and to the governance framework for such subsidiaries.

### **DEFINITIONS**

- i) "Act" means Companies Act, 2013 & rules made there under.
- ii) "Audit Committee" or "Committee" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of section 177 of the Companies Act, 2013 and Listing Agreement with the Stock Exchanges.
- iii) "Board of Director" or "Board" means the Board of Directors of NEL/ NCIL, as constituted from time to time.
- iv) "Company" means Nagreeka Exports Limited.
- v) "Material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.
- vi) "Material Subsidiary" - A subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.
- vii) "Subsidiary Company" shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.

### **GOVERNANCE PROCEDURE**

- i) One Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of material non-listed Indian Subsidiary Company.
- ii) The Audit Committee of the company shall review the financial statements, in particular the investments made by the unlisted subsidiary company.

- iii) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed company
- iv) The management shall periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;

#### DISPOSAL OF MATERIAL SUBSIDIARY

- i) The Company shall not, without prior approval by way of passing a special resolution in its General Meeting:
  - a. 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
  - b. Sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year
- ii) The provision of clause 6.1 shall not be applicable in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court/Tribunal.

#### AMENDMENT AND UPDATES

The policy shall be subject to review as may be determined necessary and in accordance to the regulatory framework.

*This policy has been adopted by the Board of Directors of Nagreeka Exports Limited at its meeting held on 10<sup>th</sup> February, 2016 in supersession of the earlier Policy adopted at its' Board Meeting dated 13<sup>th</sup> November, 2014 and may be modified / amended by the Board as may be required from time to time.*

\*\*\*erstwhile Clause 49(V)(D) of the Listing Agreement