

# N G INDUSTRIES LTD

CIN: L74140 WB 1994 PLC 065937, GSTIN: 19AABCN6332QIZX

Phone: 033 2419 7542, +91 80175 20040, +91 83358 20040

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1<sup>st</sup> Floor, 37A Southern Avenue, Kolkata – 700 029 (Renamed as Dr. Meghnad Saha Sarani)

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## Policy on Material Subsidiaries

### Purpose

The following shall be the Policy on determining material subsidiaries of N G 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Regulations) as amended from time to time

### Definitions

**"Act"** means Companies Act, 2013 & rules and any amendment(s) or modification(s) or circular(s) or notification(s) thereof made thereunder.

**"Regulations"** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment(s) or modification(s) or circular(s) or notification(s) thereof made thereunder.

**"Holding Company"** pursuant to Section 2(46) of the Act, Holding Company, in relation to one or more other companies, means a company of which such companies are subsidiaries companies.

Explanation: For the purpose of this clause, the expression "company includes any body corporate.

**"Subsidiary"** means a subsidiary as defined under the Companies Act, 2013 and Rules made there under.

**"Material Subsidiary"**<sup>1</sup> shall mean a subsidiary, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

**"Material Non Listed Indian Subsidiary"** is an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

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1. Defined under Regulations 16(c) of the Regulations

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**“Audit Committee”** means the committee formed under section 177 of the Companies Act, 2013 and/or under Regulation 18 of the Regulations.

**“Control”** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

**“Independent Director”** means a director of the Company, not being a whole-time director or managing director or nominee director and who is neither a promoter nor belongs to promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and SEBI (LODR) Regulations.

**“Significant Transaction or Arrangement”** is any transaction or arrangement that exceeds or is likely to exceed 10% 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.

## Guiding Principles

“Material Subsidiary” of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification shall be exercised soon after preparation of annual accounts and the outcome shall be placed before the Audit Committee or Board, as case may be, in the meeting where the Annual Audited Accounts of the Company are considered.

## Provision<sup>2</sup> with regard to material subsidiary

- At least one Independent director on the Board of Directors of the Company shall be a director on the Board of a unlisted **material subsidiary**, whether incorporated in India or not.

Explanation – For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

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2. Defined under Regulations 24 of the Regulations

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- The company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty (50%) percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under 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.
- Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year, shall require prior approval of shareholders by way of special resolution, unless the 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.
- The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- where a company has a listed subsidiary, which is itself a Holding Company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.
- The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

## **Disclosure**

The policy shall be disclosed on the Company's website and a web-link thereto shall be provided in the Annual Report.

## **Amendment**

The Board shall have the power to amend or modify this policy in whole or in part, at any point of time.

**Date: 14<sup>th</sup> February, 2020**