

# JINDAL POLY INVESTMENT AND FINANCE COMPANY LIMITED

## Policy on Material Subsidiaries

### OBJECTIVE & LEGAL FRAMEWORK

The objective of the Policy is to determine the Material Subsidiaries of Jindal Poly Investment and Finance Company Limited (the Company) and to provide the governance framework for such subsidiaries.

The Board of Directors of the Company is obliged to formulate a policy for determining material subsidiaries to comply with the requirements of amended Clause 49 of the Listing Agreement for such material subsidiaries.

### DEFINITIONS

“**Act**” means the Companies Act, 2013 & rules made thereunder.

“**Holding Company**” in relation to one or more other companies, means a company of which such companies are subsidiary companies.

“**Subsidiary Company**” or “**Subsidiary**” in relation to any other company (that is to say the holding company), means a company in which the holding company-

- i. Controls the composition of the Board of Directors; or
- ii. Exercises or controls more than one half of the total share capital either at its own or together with one or more of its subsidiary companies;

*Explanation- For the purpose of this definition –*

- (a) A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in clause (i) or (ii) above is of another subsidiary company of the holding company;
- (b) The composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) The expression “company” includes any other body corporate;

“**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.{Explanation (i) to Clause 49(V) of Listing Agreement}

“**Material Subsidiary**” shall mean a subsidiary in which investment of the company 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.{Clause 49(V)(E) of Listing Agreement}.

**“Significant transaction or arrangement”** means any individual 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 material unlisted subsidiary for the immediately preceding financial year. {Explanation (ii) to Clause 49(V) of the Listing Agreement}

**“Audit Committee”** means the committee formed under Section 177 of the Companies Act, 2013.

#### **GUIDING PRINCIPLES:**

**"Material subsidiary"** of the Company would be identified, which would include, if any:

- Material listed Indian & foreign subsidiaries
- Material non listed foreign subsidiary

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 Directors of the Company.

**"Material non listed Indian 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.

#### **PROVISION WITH REGARD TO SUBSIDIARY COMPANIES**

- The Audit Committee of the listed holding company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company; {Clause 49(V)(B)}
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company; {Clause 49(V)(C)}
- The management shall periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company; {Clause 49(V)(C)}
- Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

Nothing contained in this clause, shall apply to a case:-

- Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
  - Where the subsidiary company holds such shares as a trustee; or
  - Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company. {Section 19 of the Act}
- The company shall not directly / indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;{Section 67 of the Act}
  - The company shall include particulars of its subsidiary companies in its annual return; {Section 93 read with Rules}

- The company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;{Section 129(3)}
- The company shall, along with its financial statements to be filed with Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India; {Section 137(1)}
- The company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the company, who asks for it.{Section 136(1)}

#### **PROVISIONS WITH REGARD TO MATERIAL NON-LISTED INDIAN SUBSIDIARY & MATERIAL SUBSIDIARY COMPANIES** {Clause 49 (V) of Listing Agreement}

- At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a **material non-listed Indian subsidiary** company;
- The company shall not dispose of shares in its **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 without passing a special resolution in its General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal;
- The company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the **material subsidiary** on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal.

#### **COMPLIANCE BY STEP DOWN SUBSIDIARIES**

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. {Explanation iii to Clause 49(V)}

#### **DISCLOSURES**

The material subsidiaries policy shall be disclosed on the company's website .

#### **AMENDMENT**

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.