

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 Policy is framed in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Hereinafter called LODR) (including any amendments thereof).

DEFINITIONS

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

“**Audit Committee**” means the committee formed under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR), 2015.

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

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI (LODR), 2015

“**Material Subsidiary**” shall mean a subsidiary 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 entity & its subsidiaries in the immediately preceding accounting year. {Explanation (1)(c) to Regulation 16 SEBI (LODR), Regulations, 2015}

“**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;

"Significant transaction or arrangement" shall mean 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 unlisted subsidiary for the immediately preceding accounting year.

IDENTIFICATION OF MATERIAL SUBSIDIARY

"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.

GOVERNANCE FRAMEWORK

- The Audit Committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- 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 listed entity.
- 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;
- One Independent director of the Company shall be a director on the board of the unlisted material subsidiary, incorporated in India.
- 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)}

DISPOSAL OF MATERIAL SUBSIDIARY

- 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 the company have a listed subsidiary which is itself a holding company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

DISCLOSURES

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

POLICY REVIEW

The policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments..