

# **JAI BALAJI INDUSTRIES LIMITED**

## **POLICY ON DETERMINING “MATERIAL” SUBSIDIARIES**

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### **1. DEFINITIONS**

**“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under the provisions of the Companies Act, 2013 & rules framed there under or under any previous company law for the time being in force and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**“Board of Director” or “Board”** means the Board of Directors of the Company, as constituted from time to time.

**“Company”** means Jai Balaji Industries Limited as incorporated under the Companies Act, 1956.

**“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 all other criteria’s for independence as provided under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**“Policy”** means Policy on Material Subsidiary.

**“Material subsidiary”** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of Jai Balaji Industries Limited and its subsidiaries in the immediately preceding accounting year.

**“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 unlisted subsidiary for the immediately preceding accounting year.

**“Subsidiary”** has the meaning as assigned to it under the Companies Act, 2013 and the Rules framed there under.

### **2. OBJECTIVE OF THE POLICY**

The objective of this Policy is to determine:

- a) meaning of material subsidiary.
- b) requirement of Independent Director in certain unlisted material subsidiaries
- c) restriction on disposal of shares of material subsidiary by the Company
- d) restriction on selling, disposal and leasing of assets of material subsidiary and
- e) disclosure requirements based on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the company.

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### **3. COMPLIANCES & REGULATORY GOVERNANCE REQUIREMENTS**

- (a) At least **one independent director** on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision of independent director, 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 company and its subsidiaries in the immediately preceding accounting year.

- (b) 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 or equal to fifty 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 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.
- (c) **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.
- (d) The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- (e) 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 Company.
- (f) 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.
- (g) The material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the Company.

### **4. SCOPE AND LIMITATION**

In the event of any conflict between the terms of this policy and the Listing Obligations & Disclosure Requirements, 2015 and the Companies Act, 2013 or any other statutory enactments, the provisions of such statutory enactments shall prevail to the extent of such conflict.

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### **5. DISCLOSURES**

The Company shall disclose the Policy on the Company's website and a web link thereto shall be provided in the Annual Report, if required.

Date: 11<sup>th</sup> March, 2024