



Material Subsidiary Policy

05/MSP/Ver-01

Preamble:

This policy is framed, in accordance with the Regulation 16 (1)(c) and Regulation 24 of SEBI (Listing Obligations and disclosure Requirements) Regulations 2015, as amended from time to time (“**SEBI LODR Regulations**”), as it is mandatory for all listed companies to formulate a policy for determining “material subsidiaries” (the “**Policy**”)

1. OBJECTIVE:

The objective of this Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

2. DEFINITIONS:

- a) “**Company**” means J.G. Chemicals Limited.
- b) “**Consolidated Income or Net worth**” means the total income or net worth of the Company and its subsidiaries.
- c) “**Independent Director**” means a director of the Company who is not a Managing Director or Whole-time Director or Nominee Director and who is neither a promoter of the Company or its holding, subsidiary or associate company and who is not related to a promoter or Director of the Company or its holding, subsidiary or associate company and who satisfies the criteria for independence as prescribed by Section 149(6) of the Companies Act, 2013 as also Regulation 16(1)(b) of the SEBI LODR Regulations.
- d) “**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten per cent of the consolidated income or net worth respectively of the company and its subsidiaries in the immediately preceding accounting year.

Material subsidiary includes a subsidiary incorporated outside India.

- e) “**Significant transactions or arrangements**” shall mean any individual transaction or Arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.
- f) “**Unlisted Material Subsidiary**” means an unlisted subsidiary, incorporated in India or not, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.



Material Subsidiary Policy

05/MSP/Ver-01

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts/ agreements/ regulations/ rules.

- a) The Companies Act, 2013 or the rules framed there on;
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- c) Securities Contracts (Regulation) Act, 1956;
- d) SEBI Act, 1992;
- e) SEBI (Issue of Capital and Disclosure Requirements) Regulations; 2018
- f) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- g) SEBI (Prohibition of Insider Trading) Regulations, 1992.

3. GOVERNANCE OF MATERIAL SUBSIDIARIES:

- 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.
- b. The Audit Committee of the Company to annually review the list of subsidiaries together with the details of the materiality defined herein, before 30th September of every year.
- c. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted material subsidiary on a quarterly basis.
- d. The minutes of the Board Meetings of the unlisted material subsidiary company shall be placed at the meeting of the board of directors of the Company at regular intervals.
- e. The board of directors of the Company, shall review all the Significant transactions or arrangements entered into by the unlisted material subsidiary company, on a quarterly basis.
- f. The Company, without the prior approval of the members by Special Resolution, shall not:
 - i. dispose the shares held in material subsidiaries which would reduce the Company's 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 material subsidiary 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



Material Subsidiary Policy

05/MSP/Ver-01

Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- ii. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year 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.
- g. If the Company has a listed subsidiary, which is itself a holding company, the provisions of the SEBI LODR Regulations shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

4. AMENDMENTS:

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

However, the amendments to this Policy shall be subject to the (i) provisions of Companies Act, 2013 and (ii) further guidelines and enactments by the SEBI, including SEBI LODR Regulations.

5. DISCLOSURES:

The policy shall be uploaded on the Company's website for public information and a web link for the same shall also be provided in the Annual Report of the Company.

6. GENERAL:

- a) Notwithstanding anything contained in this Policy, the Company shall ensure compliance with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to the Company, from time to time.
- b) In the event of any conflict between the provisions of this Policy and of the Act or SEBI LODR Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI LODR Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/ modification in the SEBI LODR Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
