

JAYKAY ENTERPRISES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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1. Preamble and Objective

The Board of Directors of Jaykay Enterprises Limited (“the Company”) has, as per Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and other applicable provisions (including any statutory enactments / amendments thereof), adopted this policy and procedures with regard to determination of Material Subsidiaries (“Policy”) and their governance.

The objective of the Policy is to determine material subsidiary(ies) of the Company and to provide a corporate governance framework for such material subsidiary(ies).

2. Definitions

In this Policy, unless the context otherwise requires:

- a. “**Act**” means the Companies Act, 2013, and all rules, regulations, notifications and circulars made/ issued thereunder, as amended, from time to time.
- b. “**Audit Committee**” means a committee of the Board of Directors of the Company, established as per the provisions of Companies Act, 2013 or SEBI Listing Regulations or any further amendments made thereto.
- c. “**Board of Directors**” or “**Board**” means the Board of Directors of the Company.
- d. “**Control**” shall have the same meaning ascribed to such term under the Act and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
- e. “**Independent Director**” shall have the same meaning ascribed to such term under the Act and the SEBI Listing Regulations.
- f. “**Insolvency Code**” shall mean Insolvency and Bankruptcy Code, 2016.
- g. “**Material Subsidiary**” shall mean a subsidiary, whose turnover or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- h. “**SEBI Listing 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.

- i. **“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) 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.
- j. **“Subsidiary”** shall have the same meaning ascribed to such term under the Act.
- k. **“Unlisted Subsidiary”** means a Subsidiary of the Company whose shares are not listed on any recognized stock exchange in India.

Any other term not defined herein shall have the same meaning as defined in the Act, SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law.

3. Identification of Material Subsidiary

A subsidiary shall be considered as material if the turnover or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiary(s) in the immediately preceding accounting year.

A list of such material subsidiaries shall be presented to the Audit Committee annually for its noting.

4. Disposal of Material Subsidiary

The Company, without passing a special resolution in its General Meeting, 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 50% (fifty percent) or cease the exercise of control over the 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- sell, dispose and lease assets amounting to more than 20% (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 or is between two wholly-owned subsidiaries of the Company.

5. Policy Requirements

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

[Explanation: Only for the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 20% (twenty percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.]

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- The minutes of the Board meetings of the Unlisted Subsidiary shall be placed at the Board meeting of the Company.
- The management of the Unlisted Subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary.
- The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendations for appointment of Independent Director in the material unlisted Subsidiary.

6. Secretarial Audit

Every unlisted subsidiary incorporated in India which falls under the threshold limits as prescribed under Section 204 of the Act shall undertake secretarial audit every financial year and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice in the prescribed form.

Every unlisted Material Subsidiary incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a peer reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as may be prescribed by SEBI/Stock Exchanges with the Annual Report of the Company.

7. Disclosure

This Policy shall be disclosed on the Company’s website & a web link thereto shall be provided in the Annual Report.

8. Amendments

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

9. Disclaimer

By reason of any change in the Act and/or SEBI Listing Regulations which leads to any inconsistency or ambiguity or incongruity between the Policy and the Act/ SEBI Listing Regulations, the amended Act/ SEBI Listing Regulations as issued by respective authorities shall prevail in this regard.