

## J. J. EXPORTERS LIMITED

### POLICY FOR DETERMINING MATERIAL SUBSIDIARY (“The Policy”)

#### **1. Purpose and Scope:**

The policy is framed by the Company pursuant to clause 49 (V)(D) of the Listing Agreement to ensure compliance with the applicable provisions of the Listing Agreement.

The Policy will be used to determine the Material Subsidiaries of J. J. Exporters Limited and to provide the governance framework for such subsidiaries. –

#### **2. Definition:**

(i) “Act” means Companies Act, 2013 including any statutory modification or re-enactment thereof.

(ii) Audit Committee: means the Committee of the Board formed under Section 177 of the Act and Clause 49(III) of the Listing Agreement.

(iii) Company: means J. J. Exporters Limited.

(iv) “Holding Company” is as defined under clause 2(46) of the Act

(v) “Independent Director” means a director of the Company, not being a wholetime 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 Act and the Listing Agreement with the Stock Exchanges.

(vi) “Subsidiary Company” is as defined under clause 2(87) of the Act

(vii) The term “material nonlisted Indian Subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

(viii)The term “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 material unlisted subsidiary for immediate preceding accounting year. Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

### **3. POLICY**

a) A subsidiary shall be a “Material” subsidiary, if:

i) Investment of the Company in the subsidiary exceeds 20% of its consolidated net worth, as per the audited balance sheet of the previous financial year; or

ii) Subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

b)In case of a material subsidiary at least one Independent Director of the Company shall be a Director on the Board of Directors of the material non-listed Indian subsidiary company.

### **4. Governance framework:**

i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.

ii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

iii. The management 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 company.

iv. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

v. 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.

## **5. DISPOSAL OF MATERIAL SUBSIDIARY –**

The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:

- a) 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, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- b) Sell, dispose and lease 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.

## **6. DISCLOSURE**

The Policy on Material Subsidiary shall be disclosed on the website of the Company at [www.jjexporters.com](http://www.jjexporters.com) and a web link thereto shall be provided in the Annual Report of the Company.

## **7. AMENDMENT**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

## **8. INTERPRETATION**

Any words used in this policy but not defined herein shall have the same meaning as described to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.

## **9. REVIEW AND CHANGES TO THIS POLICY**

- i. The Audit Committee will review this Policy as often as it considers necessary;
- ii. The Board may change this Policy from time to time by resolution.