

JHAVERI CREDITS AND CAPITAL LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

PREAMBLE

The Board of Directors of Jhaveri Credits and Capital Limited ("the Company") has adopted the following policy for determining material subsidiary(ies).

OBJECTIVE

The objective of this Policy is to determine material subsidiary of the Company and to provide a governance framework for such material subsidiary. The Policy is framed in accordance with the requirements of regulation 16(1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulation) including any amendments thereof.

DEFINITIONS / INTERPRETATIONS

Any terms used herein shall have the same meaning as defined in the Companies Act, 2013 or Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) or Listing Regulations as amended from time to time.

"Board of Directors" or **"Board"** means the Board of Directors of Jhaveri Credits and Capital Limited as constituted from time to time.

"Policy" means this Policy, as amended from time to time.

"Subsidiary" shall mean a subsidiary as defined under the provisions of Section 2(87) of the Companies Act, 2013.

POLICY

Subsidiary shall be considered as a material subsidiary, whose Income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

FREQUENCY OF MATERIALITY TEST

The materiality test shall be applied every financial year upon finalization of the Audited Financial Statements of the Company.

REQUIREMENTS IN RELATION TO THE MATERIAL SUBSIDIARY COMPANY

The major statutory compliances, inter alia, includes the following:

- 1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India or not w.e.f. April 1, 2019.

Explanation- For the purposes of this provision, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- 2) 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.
- 3) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation.- For the purpose of this regulation, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 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.

- 4) A listed entity 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 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

- 5) 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.
- 6) Material Subsidiary, if any, in India shall undertake secretarial audit and shall annex the same with Annual Report for the year 2018-19 onwards.

REVIEW

The Board of Directors of the Company, subject to applicable laws, is entitled to amend, suspend or rescind this Policy at any time in line with the Listing Regulations.