



JAYASWAL NECO INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Pursuant to Regulation 16(1)(c) & Regulation 24 of SEBI Listing Regulations, 2015)

1. INTRODUCTION

The 'Policy for determining Material Subsidiary' (the "Policy") is framed in accordance with the requirements stated under Regulation 16(1)(c) read with Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Regulation 46 (2)(h) of the Listing Regulations which requires each Listed Company to publish this Policy on its Company's website. The Board of Directors (the "Board") of Jayaswal Neco Industries Limited (the "Company") has adopted this Policy. The Board may review and amend this Policy from time to time.

2. OBJECTIVE

This Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries, if any as per the Companies Act, 2013 (the "Act") or Listing Regulations or any other statutory enactments and the Rules made thereunder including any amendment thereof.

3. DEFINITION

"Material Subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year (Regulation 16 of Listing Regulations).

"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 other criteria for independence under the Act and the Listing Regulations.

"Audit Committee" means the Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of the Listing Regulations.

All the words and expressions used in this Policy, unless defined here, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Act and the Rules made thereunder, Notifications and Circulars made/issued thereunder, as amended, from time to time.

4. POLICY AND PROCEDURE

- i. At least one Independent Director of the Company shall be a director on the Board of the Unlisted Material Subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- ii. The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary of the Company.
- iii. The minutes of the Board meetings of the Unlisted Subsidiary of the Company shall be placed at the Board meeting of the Company.
- iv. The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary of the Company.
- v. The Company shall not dispose of shares in its Material Subsidiary, which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than or equal to 50% 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 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.
- vi. 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.

Provided that prior approval of Shareholders by way of Special Resolution shall not be required if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

5. DISCLOSURES

The Policy for determining material subsidiaries is to be disclosed in the Annual Report of the Company, as per the provisions of laws in force. The Policy shall also be uploaded on the website of the Company at www.necoindia.com.

6. REVIEW

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
