

Policy on Material Subsidiary
(Effective from June 10, 2022)

JIK Industries Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Reviewed and approved by the Board of Directors and Audit Committee of the Company on June 10, 2022)

1. INTRODUCTION

JIK Industries Ltd. (the “Company”) is governed amongst others by the rules and regulations framed by Securities Exchange Board (“SEBI”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) lays out regulatory requirements for material subsidiary companies.

The Board of Directors (the” Board”) of the Company has adopted the policy and procedures For determining “material” subsidiary companies (“Policy”) in accordance with the Provisions of Regulation 16 (1)(c) of the Listing Regulations.

The Board and the Audit Committee will review the policy periodically and may amend this policy from time to time, as may be deemed necessary.

The Policy will be applicable to the Company effective 10th July, 2022 This Policy is in terms of Regulation 16(1)(c) of the LODR Regulations.

2. TITLE

This Policy shall be called ‘Policy for determining material subsidiaries’.

3. OBJECTIVE:

The objective of the Policy is to determine the Material Subsidiaries of JIK Industries Limited and to provide the governance framework for such subsidiaries.

4. DEFINITIONS:

4.1 Audit Committee:

“Audit Committee” means the committee constituted by the Board of Directors of the Company, from time to time, in accordance with section 177 of the Companies Act 2013 and Regulation 18 of the LODR Regulations.

4.2 Board of Directors or Board:

“Board of Directors or Board” means the Board of Directors of JIK Industries Limited, as constituted from time to time.

4.3 Company:

“Company” means a company incorporated under the Companies Act, 2013 or any other previous company law.

JIK Industries Limited

4.4 Independent Director:

“Independent Director” means a director of the Company who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Agreement with the stock exchanges.

4.5 Material Non-Listed Indian Subsidiary:

“Material Non-Listed Indian Subsidiary” means a Material Subsidiary which is incorporated in India and which is not listed on any of the Indian Stock Exchanges.

4.6 Policy:

“Policy” means Policy on Material Subsidiary.

4.7 Subsidiary:

“Subsidiary” means a company as defined in Section 2(87) of the Companies Act, 2013.

4.8 Unlisted Subsidiary Company:

“Unlisted Subsidiary Company” means a company as defined in Section 2(87) of the Companies Act, 2013 and which is not listed on any of the Stock Exchanges.

4.9 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

5. POLICY:

5.1 A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

A subsidiary shall be a Material Subsidiary, if such subsidiary’s income exceeds 10% (ten percent) of the consolidated income of the listed entity and its subsidiaries, in the immediately preceding accounting year.

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

5.3 The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on quarterly basis.

5.4 The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed before the Board of the Company on a quarterly basis.

5.5 The management shall on a quarterly basis 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.

5.6 The Company, without the prior approval of the members by special resolution shall not:

- a. Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. Ceases the exercise of control over the Subsidiary; or
- c. Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year;

Except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court /Tribunal/ Any other competent authority.

6. DISCLOSURE:

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company (www.jik.co.in) and a web link thereto shall be provided in the Annual Report of the Company.

7. MISCELLANEOUS

The Board of Directors of the Company has adopted the Policy and procedure with regard to determining Material Subsidiaries as required under Clause 49 of the Listing Agreement.

The Board of Directors of the Company may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time.