

**Jullundur Motor Agency (Delhi) Limited
("JMADL" / "COMPANY")**



**POLICY
ON
MATERIAL SUBSIDIARIES**

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INTRODUCTION

The Securities and Exchange Board of India (“SEBI”) issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”) on September 02, 2015, effective from December 01, 2015, with an aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability. Regulation 16(1) (c) of the LODR Regulations, inter alia, requires every listed Company to formulate a Policy for determining material subsidiary. Accordingly, the Board of the Directors of Jullundur Motor Agency (Delhi) Limited (“**Company**”) has approved this “Policy for Determining Material Subsidiary” (“**Policy**”) of the Company on November 14, 2017.

OBJECTIVES

This Policy is framed and adopted to determine the “Material Subsidiary (ies) of the Company” and to provide the Governance Framework for such Subsidiary (ies).

DEFINITIONS

- I. **“Audit Committee or 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.
- II. **“Board of Directors”** or **“Board”** means the Board of Directors of the Company.
- III. **“Company”** means Jullundur Motor Agency (Delhi) Limited.
- IV. **“Independent Director”** means an Independent Director of the Company who satisfies the criteria of Independence under the Companies Act, 2013 & LODR Regulations.
- V. **“Material Subsidiary”** means a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Provided however that aforesaid limit of 20% shall be read as 10% w.e.f. April 01, 2019, to determine the status of Material Subsidiary.
- VI. **“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 unlisted material subsidiary for the immediately preceding accounting year.
- VII. **“Subsidiary”** shall mean a subsidiary as defined under the Companies Act, 2013 and the Rules made thereunder.
- VIII. **“Unlisted Subsidiary”** means subsidiary whose securities are not listed on any recognized Stock Exchange(s).
- IX. **“Material Non Listed Indian Subsidiary”** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

GOVERNANCE FRAMEWORK

1. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary company;
2. The Committee shall examine the financial statements, in particular, the investments made by the Unlisted Subsidiary company on quarterly basis;
3. The minutes of the meetings of Board of Directors of Unlisted Subsidiary (ies) shall be placed before the meeting of Board of Directors of the Company on quarterly basis.
4. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary.

DISPOSAL OF MATERIAL SUBSIDIARY

The Company 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.

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.

AMENDMENTS TO THE POLICY

The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by SEBI/Stock Exchange(s) or any other appropriate Statutory Authority.

DISCLOSURES

This Policy is to be placed on the website of the Company & the web link shall be provided in the Annual Report.

INTERPRETATION

Any words used in this Policy but not defined herein shall have the same meaning attributed to it in the Companies Act, 2013 or Rules made thereunder, LODR Regulations or any other relevant law applicable to the Company.