

JASH ENGINEERING LIMITED

POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the “Board”) of JASH Engineering Limited (the “Company”), a holding Company of various subsidiary Companies, has adopted this policy for determining, inter-alia, a ‘**Material**’ Subsidiary.

This Policy is primarily based on the revised SEBI LOADR entered into by the Company with the Stock Exchanges (“the LA”) and is primarily intended to ensure compliance with the LA.

2. DEFINITIONS

- i. “**Act**” Act means Companies Act, 2013 & the Rules made there under.
- ii. “**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and the Companies Act, 2013 or any other previous Laws.
- iii. “**Board of Directors**” or “**Board**” means Board of Directors of the Company, as constituted from time to time.
- iv. “**Holding Company**” Holding company in relation to one or more other companies, means a company of which such companies are subsidiary companies.
- v. “**Independent Director**” means an Independent Director referred to in Section 149(6) of the Companies Act, 2013 and ICDR Regulations
- vi. “**Subsidiary**” shall be defined under the Companies Act, 2013 and Rules made there under
- vii. “**Material Subsidiary**” a subsidiary shall be considered as material if the investment of the Company in subsidiary exceeds twenty percent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty percent of the consolidated income of the company during the previous financial year.

- viii. **“Significant Transaction or Arrangement”** means 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 the immediately preceding accounting year.

3. POLICY

3.1 (A) Identification of material subsidiary company

A subsidiary company shall be considered as material if the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

3.2 Compliances with respect to subsidiary companies (including material subsidiary companies)

- i. The Audit Committee of the Company shall review the financial statements of Subsidiary Companies and, 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 at the Board meeting of the Company. The management of the Company 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 companies.
- iii. The company shall not directly / indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
- iv. The company shall include particulars of its subsidiary companies in its annual return;
- v. The company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;

3.3 Compliances with respect to material subsidiary companies

- i. 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 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 a Court/Tribunal.

- ii. Selling, disposing and leasing of assets amounting to more than 20% 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.

3.4 Compliances with respect to material non-listed Indian subsidiary companies

At least one independent director on the Board of the Company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.

4. DISCLOSURES

The Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

5. AMENDMENT

The Policy may be amended by the Board from time to time as and when deemed appropriate.
