

# JYOTHY LABORATORIES LIMITED

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## Policy on Material/ Other Subsidiaries

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### 1. Introduction

The Board of Directors (the “Board”) of Jyothy Laboratories Limited (the “Company”) has adopted the following policy and procedures with regard to subsidiary companies including determination of Material Subsidiaries as defined below.

### 2. Objective

As per Revised Clause 49(V)(D) of the Listing agreement, the Company is required to formulate a policy for determining ‘material’ subsidiaries, such policy is required to be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report. The provision is applicable with effect from 1<sup>st</sup> October 2014.

This policy has been formulated in compliance with the above provision.

### 3. Definitions

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013 and the Rules made there under.

“**Board of Director**” or “**Board**” means the Board of Directors of Jyothy Laboratories Limited, as constituted from time to time.

“**Company**” means Jyothy Laboratories Limited.

“**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 Companies Act, 2013 and the Rules made there under and the Listing Agreement with the Stock Exchanges.

“**Policy**” means Policy on Material and other Subsidiaries.

“**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 material unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” or “**Subsidiary Company**” shall be as defined under the Companies Act, 2013 and the Rules made there under and shall include step-down subsidiary companies.

### 4. Applicability

#### **Inter-corporate Investment/ Loans and Advances etc.**

The transactions shall be governed by the provisions contained in Section 185 and 186 of the Companies Act, 2013 and Rules made there under.

## Related Party Transactions

The transactions shall be governed by the provisions contained in Section 188 of the Companies Act, 2013 and Rules made thereunder, Listing Agreement, Accounting Standards or any other applicable legislation/ law and the Policy adopted by the Company in the regard.

### 5. Policy

- I. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
  - a. The Investment by the Company in the Subsidiary Company by way of capital exceeds twenty percent of the consolidated net worth as per its consolidated audited balance sheet of the previous financial year, or
  - b. The Subsidiary Company has generated twenty per cent of the consolidated income of the Company during the previous financial year.
- II. One **Independent Director** of the Company shall be a director on the Board of Material Non-Listed Indian Subsidiary Company i.e. an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds twenty percent of the consolidated income or net worth respectively, of listed holding company and its subsidiaries in the immediately preceding financial year.
- III. The Audit Committee of Board of Directors of the Company shall review the financial statements, including in particular, the working of the company, the Revenue, the profit and the investments made by all unlisted Subsidiary Companies on quarterly basis.
- IV. The minutes of the Board Meetings of all unlisted Subsidiary Companies shall be placed before the Board of Directors of the Company on quarterly basis.
- V. The management shall on 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 all unlisted Subsidiary Companies.
- VI. The management shall present to the Audit Committee annually, the list of subsidiaries together with details of materiality. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.

### 6. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- (i) dispose of shares in Material Subsidiaries that:
  - a. reduces its shareholding (either on its own or together with other subsidiaries) in the Subsidiary Company to less than 50%; or
  - b. ceases the exercise of control over the Subsidiary Company; or
- (ii) sell, dispose or lease the assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year,

except in cases where such disinvestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal after such scheme is approved by requisite majority of public shareholders by way of postal ballot and e-voting.

## **7. 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.

## **8. Amendments**

The Board of Directors of the Company shall have the power to amend or substitute any of the provisions of this Policy or replace this Policy in its entirety with a new Policy.

In case of any amendment to the Companies Act, 2013 or Rules made there under, Listing Agreement, Accounting Standards or any other relevant legislation/ law applicable in this regard, this policy shall automatically stand amended accordingly with immediate effect.

In case of such changes/ amendments, the Secretarial Department will carry out the changes and inform all concerned including the Directors of the Company. Such changes shall also be informed to the Audit Committee and the Board of Directors of the Company in the next meeting.

## **9. Interpretation**

- a) Any word used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and Regulations made there under, Listing Agreement, Accounting Standards or any other relevant legislation/ law applicable to the Company.
- b) In case of any dispute or difference upon the meaning/ interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee on the same shall be final. In interpreting such term/ provision, the Committee may seek help of any of the officers of the Company or an outside expert as it deems fit.

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