



JINDAL STAINLESS (HISAR) LIMITED

CIN: L27205HR2013PLC049963

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**POLICY FOR
DETERMINING MATERIAL
SUBSIDIARY**

1. PURPOSE AND BACKGROUND:

Jindal Stainless (Hisar) Limited (“JSHL” or “Company”) shares are proposed to be listed on Stock Exchanges pursuant to the Composite Scheme of Arrangement amongst Jindal Stainless Limited, Jindal Stainless (Hisar) Limited, Jindal United Steel Limited and Jindal Coke Limited. Therefore, Company will be governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI, in its notification dated September 02, 2015, introduced new regulatory requirements i.e. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) for Listed Entities. The Board of Directors (the “Board”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“Policy”) on November 02, 2015 in accordance with the provisions of Regulation 16(1)(c) of the Listing Regulations. This Policy will be used to determine the Material Subsidiaries and to provide the governance framework for such subsidiaries. All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time. The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

Regulation 16(1)(c) read with Regulation 46(2)(h) of the Listing Regulations stipulates as under:-

The company shall formulate a policy for determining ‘material’ subsidiaries and such policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.

2. OBJECTIVE:

This Policy aims to determine the material subsidiaries of the Company and provide a governance framework for such material subsidiaries as per the requirements of Regulation 16(1)(c) of the Listing Regulations.

3. DEFINITIONS:

In this Policy, unless the context otherwise requires:

“**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“**Audit Committee**” or “**Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

“**Board of Directors**” or “**Board**” means the Board of Directors of Jindal Stainless (Hisar) Limited.

“**Company**” means Jindal Stainless (Hisar) Limited.

“Independent Director” shall mean 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 the criteria laid down under Section 149 of the Companies Act, 2013 and the Listing Regulations.

“Material Subsidiary (ies)” shall mean:

a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Material Non-Listed Indian Subsidiary (ies)” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Net Worth” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;

“Policy” means this Policy, as may be amended from time to time.

“Subsidiary” shall mean a subsidiary as defined under the Companies Act, 2013 read with relevant Rules made there under, as may be amended from time to time.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

Any word used in this Policy but not defined herein shall have the same meaning ascribed to it in the Act, SEBI Act or Rules and Regulations made thereunder, Accounting Standards or any other relevant legislation / law applicable to the Company.

4. POLICY REQUIREMENTS:

- ❖ At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.
- ❖ The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- ❖ The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.

- ❖ The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- ❖ Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

5. DISPOSAL OF MATERIAL SUBSIDIARY

- ❖ A listed entity 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.

6. LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulation / Companies Act, 2013 or statutory enactments, rules shall prevail over this policy.

7. DISCLOSURES

The compliance with the requirements of this Policy shall be mentioned in the quarterly compliance report submitted to the Stock Exchanges.

This Policy for determining material subsidiaries shall be uploaded on the website of the Company at www.jshlstainless.com and a web link thereto shall be provided in the Annual Report of the Company.

8. REVIEW:

This Policy may be reviewed or amended by the Board of Directors of the Company in accordance with the statutory requirements.
