



POLICY FOR DETERMINING MATERIAL
SUBSIDIARIES

[Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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INTRODUCTION

Inditrade Capital Ltd (formerly known as JRG Securities Ltd) (Inditrade) is one of India's leading financial services providers with strong presence in South India. It was incorporated in 1994 and over the years, it has acquired a name of trust through Equity and Commodity Broking businesses. Inditrade is a public company whose equity shares are listed on the BSE Ltd and has more than 5,000 shareholders. The Company along with its group companies is committed to be fully compliant with all regulatory compliances with the exchanges, SEBI, IRDAI, MCA and RBI.

The Company in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR) (including any amendments thereof) has adopted this Policy for Determining Material Subsidiaries.

I. DEFINITIONS

1. **“Act”** means the Companies Act 2013 as may be amended from time to time.
2. **“Audit Committee”** means the Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of the Listing Regulations.
3. **“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 Act and the LODR.
4. **“Subsidiary”** means a subsidiary as defined under the Act and Rules made there under.
5. **“Unlisted Subsidiary”** means subsidiary whose securities are not listed on any recognized Stock Exchanges.

Words and expressions used and not defined in these regulations but defined in the Companies Act, 2013, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or Regulation shall have the meanings respectively assigned to them in those legislation.

II. MATERIAL SUBSIDIARY

a. Subsidiary Company:

A Company shall be considered as the "Subsidiary Company" or "Subsidiary" in relation to Inditrade Capital Ltd (Holding Company), if the Holding Company;

(i) controls the composition of the Board of Directors of that Company; or

(ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its Subsidiary Companies.

The composition of a Company's Board of Directors shall be deemed to be controlled by Inditrade Capital Ltd (Holding Company), if the Holding Company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors of the other Company.

A Company shall be deemed to be a Subsidiary Company of the Holding Company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another Subsidiary Company of the Holding Company.

b. Material Subsidiary:

A Subsidiary shall be considered as Material if the Income or Net Worth of the subsidiary Company exceeds 10% (ten percent) of the Consolidated Income or Net Worth respectively, of Inditrade Capital Limited and its Subsidiaries in the immediately preceding accounting year.

Material Non Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

III. POLICY AND PROCEDURE REGARDING MATERIAL SUBSIDIARY

(i) At least one Independent Director on the Board of Directors of the Inditrade Capital Limited shall be a Director on the Board of Directors of an Unlisted Material Subsidiary, whether incorporated in India or not.

(For the purposes of this provision, the term "material subsidiary" 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.)

(ii) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the subsidiary.

(iii) The minutes of the meetings of the Board of Directors of the subsidiary shall be placed at the meeting of the Board of Directors of the Company.

- (iv) The management of the subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the subsidiary.

Explanation: For the purpose of this regulation, the term “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 subsidiary for the immediately preceding accounting year.

- (v) 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 or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- (vi) 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 or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- (vii) Where Company has a listed subsidiary, if any, 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.
- (viii) Material unlisted subsidiary Companies incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended 31st March, 2019.

IV. DISCLOSURES

The Company shall disclose in its Board’s report, details of this Policy as required under the Act and the LODR. This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the in the Annual Report of the Company.

V. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Companies Act, 2013 and/or applicable laws in this regard shall automatically apply to this Policy.

VI. AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.