

# **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**



**J&K Bank**

## INDEX

<u>S. NO</u>	<u>PARTICULARS</u>	<u>PAGE NO.</u>
1.	Preamble	3
2.	Objective	3
3.	Interpretation	3
4.	Definitions	3-4
5.	Corporate Governance requirements with respect to Subsidiary	4
6.	Listed Subsidiary	4
7.	Disclosure of Policy	4
8.	Review of Status of Material Subsidiaries of the Bank	5
9.	Conflict in Policy	5
10.	Amendment/ modification in Policy	5
11.	Review	5

## I. PREAMBLE

The Policy may be called the "POLICY FOR DETERMINING MATERIAL SUBSIDIARY (hereinafter referred as "Policy") of the Jammu and Kashmir Bank Limited (herein after referred as "the Company or the Bank")".

This Policy sets out the criteria for determination of material subsidiaries of the Bank and provides the framework for such determination in line with the requirements of the regulation 16 (1) (c) and regulation 24 of the Listing Regulations (including any amendment, notification or circular issued thereto). It shall come in to the effect on the date of its dissemination on the official website of the Bank.

**Application of other Laws/Regulations not barred:** The disclosures mandated under this Policy shall be in addition to and not in derogation of other Laws and Regulations for the time being in force.

This Policy shall be effective from the date of the approval by the Board of Directors of the Bank.

## II. OBJECTIVE OF THE POLICY

The objective of this Policy is to determine the material subsidiaries of the Bank as obligated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("Listing Regulations") and the guidelines issued by the Securities Exchange Board of India ("SEBI") from time to time in this regard.

## III. INTERPRETATION

In this Policy, unless the context otherwise requires, the terms and expression used but not defined herein shall have the same meaning as are assigned to them under Regulation 2 of the Listing Regulations, the Companies Act, 2013, the Securities Contracts (Regulations) Act, 1956 or any other applicable laws or regulations, as the case may be.

## IV. DEFINITIONS

- a) **"Audit Committee"** means the Audit Committee of the Board constituted by the Board of Directors of the Bank from time to time under the provisions of the Companies Act, 2013 and the Listing Regulations and in pursuance of the directives of Reserve Bank of India.
- b) **"Board of Directors or Board"** shall mean the Board of Directors of 'Jammu & Kashmir Bank Limited', as constituted from time to time.
- c) **"Bank or the Company"** means the Jammu & Kashmir Bank Limited.
- d) **"Independent Director"** means a Director of the Bank, as defined under the provisions of the Companies Act, 2013 and who also fulfills the criteria of independence as stipulated under regulation 16(1)(b) of the Listing Regulations.
- e) **"Material Subsidiary"** shall mean such subsidiary as defined in Regulation 16 (1) (c) of the Regulation which is follows:-



*"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."*

f) **"Policy"** means policy for determining material subsidiary of the Bank.

g) **"Significant Transaction or Arrangement"** means any individual transaction or arrangement that exceeds or is likely to exceed ten per cent 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.

h) **"Subsidiary Company or Subsidiary"** means a subsidiary as defined under the Companies Act, 2013 and the rules made there under.

*Further, any 'word' used, expressed or mentioned hereinbelow but not defined above shall be assigned the same meaning as defined in the Regulations or the Companies Act, 2013.*

## **V. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY & MATERIAL SUBSIDIARY**

1. The Audit Committee of Board of the Bank shall review the financial statements, and in particular, the investments made by the unlisted Subsidiary companies on annual basis.
2. The minutes of the board meetings of the unlisted Subsidiary companies of the Bank shall be placed before the Board of the Bank in its meeting on a quarterly basis.
3. A statement of all Significant Transactions and arrangements entered into by the unlisted Subsidiary company shall be placed before the Board of the Bank.
4. The Bank shall obtain a prior approval of its shareholders by way of special resolution to:
  - Dispose-off the shares held in its material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease to exercise the control over the Subsidiary;
  - Sell, dispose and lease the assets amounting to more than 20% of the assets of the material Subsidiary on an aggregate basis during a financial year.

However, the above will not apply if the divestment, sale, disposal or lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

5. The Bank 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.
6. At least one independent Director of the Bank shall be a Director on the Board of Directors of an unlisted material subsidiary, incorporated in India.
7. Any other requirement as may be notified by the SEBI from time to time.

## **VI. LISTED SUBSIDIARY**

If the Bank at any time has a listed Subsidiary which is itself a holding company, the provisions of regulation 24 of the Listing Regulations relating to Subsidiary companies shall apply to the listed Subsidiary in so far as its subsidiaries are concerned.

## **VII. DISCLOSURE OF POLICY**

As mandated under the Listing Regulations, this Policy shall be disclosed on the Bank's website i.e. [www.jkbank.com](http://www.jkbank.com) and a web link thereto shall be provided in the Annual Report, besides any other disclosure required under the law.

## **VIII. REVIEW OF STATUS OF MATERIAL SUBSIDIARIES OF THE BANK BY AUDIT COMMITTEE**

The Audit Committee in its first meeting of every financial year shall review the status of its Subsidiaries to identify whether any Subsidiary is required to be treated as a Material Subsidiary or any Material Subsidiary ceases to be as such. The details of such review shall be disclosed to the Board for taking necessary action.

## **IX. CONFLICT IN POLICY**

In the event of conflict or inconsistency between the provisions of this policy and the provisions of the applicable laws, the policy shall be construed and interpreted in consonance with the applicable laws and in the failure of such harmonic interpretation and construction, the regulatory provisions shall prevail.

## **X. AMENDMENTS / MODIFICATIONS**

To the extent, any change/amendment is required in terms of any applicable law, the applicable law would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. Such amended policy shall be placed before the Board for noting and necessary ratification.

## **XI. REVIEW OF THE POLICY**

The Board may in its discretion or on the recommendations of the Audit Committee or as per the requirements of the Companies Act, 2013 or Listing Regulations or other applicable laws, review or amend this Policy, in whole or in part, from time to time but atleast on an annual basis.