



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Framed on 01st April, 2023)

PURPOSE OF THIS POLICY

Khazanchi Jewellers Limited (“Khazanchi Jewellers Limited” or “**Company**”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“**SEBI**”). SEBI, in its circulars dated April 17, 2014 and September 15, 2014, LODR and introduced new regulatory requirements for material subsidiary companies.

The Board of Directors (the “**Board**”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“**Policy**”) in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any subsequent amendment thereof) (LODR 2015).

This Policy will be used to determine the Material Subsidiaries and Material Non-listed Indian Subsidiary of the Company 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 Agreement 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.

DEFINITIONS

“**Audit Committee**” means the Audit Committee of the Board constituted from time to time under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any subsequent amendment thereof) (LODR 2015).

“**Independent Director**” means a director of the Company, not being a wholetime 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 Listing Agreement.

Material Subsidiary shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

“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 unlisted subsidiary for the immediately preceding accounting year,

“Subsidiary Company” means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.

POLICY AND PROCEDURE

- i. The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary of the Company.
- ii. The minutes of the Board meetings of the Unlisted Subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- iii. The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
- iv. One Independent Director of the Company shall be a director on the board of the Material Non-Listed Indian Subsidiary.
- v. 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 or equal to 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 Court/Tribunal.
- 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.

DISCLOSURE

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

LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.