

## Policy for Determining Material Subsidiary

### 1. Purpose and Scope:

The Policy for determining ‘material’ subsidiary companies has been framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

The Policy will be used to determine the Material Subsidiaries 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 Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

### 2. Definitions:

- a) “**Act**” means Companies Act, 2013; as amended from time to time.
- b) “**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.
- c) “**Company**” means Sunraj Diamond Exports Limited.
- d) “**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 Listing Regulations.
- e) “**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015; as amended from time to time.
- f) “**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.
- g) “**Material Unlisted Indian Subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- h) **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 unlisted subsidiary for the immediately preceding accounting year.
- i) **“Subsidiary”** shall be as defined under the Act and the rules made thereunder.

### 3. Governance framework:

- i. The Audit Committee of the Company shall periodically review the financial statements, and in particular, the investments made by the unlisted subsidiary company.
- ii. The minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of Directors of the Company.
- iii. The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- iv. At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary company, whether incorporated in India or not.
- v. The Company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than 50 percent or the Company ceases the exercise of control over such subsidiary;

Such approval shall not be required if the disinvestment is:

- 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. The Company shall obtain prior approval of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year;

Such approval shall not be required, if such sale, disposal, lease of assets is:

- 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.

**4. Policy Review:**

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

**5. Website:**

This Policy shall be disclosed on the website of the Company.