



POLICY FOR DETERMINING
MATERIAL SUBSIDIARIES
OF
ESPRIT STONES LIMITED



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. OBJECTIVE OF THE POLICY:

The objective of this Policy is to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries as required under of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), covering the following:

- i) meaning of 'Material' Subsidiary
- ii) requirement of Independent Director in certain Unlisted Material Subsidiaries.
- iii) Restriction on disposal of shares of Material Subsidiary
- iv) Restriction on transfer of assets of Material Subsidiary
- v) Secretarial audit by Material Unlisted Subsidiaries incorporated in India; and
- vi) Disclosure requirements as prescribed under SEBI LODR

2. DEFINITIONS:

“Act” means the Companies Act, 2013 and the rules made thereunder (including any statutory modification/re-enactment thereof for the time being in force)

“Company” means 'Esprit Stones Limited'

“Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

“Material Subsidiary” means a subsidiary, unless otherwise expressly defined, 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.

“SEBI LODR” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the circulars issued thereunder and amendments thereto.

“Subsidiary” shall mean as defined under the Companies Act, 2013 and the Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined under the Act, SEBI LODR or any other applicable law or regulation.



3. INDEPENDENT DIRECTOR ON THE BOARD OF AN UNLISTED MATERIAL SUBSIDIARY:

- i) At least one Independent Director on the Board of Directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

- ii) For the purpose of appointment of one Independent Director on the board of directors of unlisted material subsidiary, material subsidiary means 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.

4. RESTRICTIONS ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY:

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 fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment 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 as event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

5. RESTRICTION ON DISPOSAL OF ITS ASSETS OF MATERIAL SUBSIDIARY:

Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company 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 as event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

6. SECRETARIAL AUDIT BY THE MATERIAL UNLISTED SUBSIDIARIES INCORPORATED IN INDIA:

The Company and its material unlisted subsidiaries 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 Form No. MR-3 as specified under the Act.

7. DISCLOSURES:



This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

8. REVIEW OF THE POLICY:

This Policy shall be subject to review as may be deemed necessary by the Board of directors of the Company or in case of any regulatory amendments.

9. SCOPE AND LIMITATION:

In the event of any conflict between the provisions of this Policy and the SEBI LODR or the Act or any other relevant legislation/ regulation applicable to the Company, the provisions of the SEBI LODR or the Act or such other relevant law / regulation shall prevail over this Policy.