

**POLICY ON DETERMINING MATERIAL SUBSIDIARIES AND
GOVERNANCE THEREOF
of
INTERNATIONAL GEMMOLOGICAL INSTITUTE (INDIA) LIMITED
(formerly Known as International Gemmological Institute (India) Private
Limited)**

CIN: U74999MH1999PLC118476

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Version	Effective Date	Description
V1	Listing Date	Adopted at the Board Meeting held on August 02, 2024

POLICY ON DETERMINING MATERIAL SUBSIDIARIES AND GOVERNANCE THEREOF

[Pursuant to Regulations 16(1)(c), 24 and 24A (as applicable) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I. INTRODUCTION

The Board of Directors ("**Board**") of International Gemmological Institute (India) Limited (formerly known as International Gemmological Institute (India) Private Limited) ("**the Company**"), in compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") has adopted this policy for determining '**material**' subsidiaries of the Company and to provide a governance framework for such subsidiaries ("**Policy**") vide its Board meeting held on August 02, 2024.

The primary purpose of this Policy is to lay down the criteria for identification of Material Subsidiary(ies) (as defined below') and disclosure and governance thereof as required under the SEBI Listing Regulations.

II. EFFECTIVE DATE:

The Policy will be effective from the date of listing and commencement of trading of the equity shares of the Company on the stock exchanges.

III. DEFINITIONS

"**Act**" shall mean the Companies Act, 2013, including any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent notified.

"**Audit Committee or Committee**" means Audit Committee constituted by the Board from time to time, under Section 177 of the Companies Act, 2013 read with Regulation 18 of the under the provisions of SEBI Listing Regulations and the Act.

"**Independent Director**" means an independent director as defined under the Act and SEBI Listing Regulations from time to time.

"**Insolvency Code**", means Insolvency and Bankruptcy Code, 2016, as amended.

"**Material Subsidiary**" means a material subsidiary of the Company as under Regulation 16(1)(c) of the SEBI Listing Regulations, or as may be amended in the SEBI Listing Regulations from time to time

"**Significant Transaction or Arrangement**" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten per cent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material subsidiary for the immediately preceding accounting year.

“Subsidiary Company” or “Subsidiary” shall have the same meaning as defined in section 2(87) of the Act.

“Unlisted Subsidiary” means a Subsidiary of the Company whose shares are not listed on any stock exchange.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations or any other applicable regulations.

IV. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES:

(a) Identification

(i) Identification of material subsidiary company

A Subsidiary of the Company shall be regarded as a Material Subsidiary if it falls under the criteria of the definition provided above.

The Audit Committee shall review such details / information as may be required to determine the ‘Material Subsidiaries’ from time to time.

(b) Compliances with respect to subsidiary companies

(i) Matter to be reviewed by the Audit Committee

The Audit Committee shall review (a) the financial statements, in particular, the investments made by the Unlisted Subsidiary; and (b) utilization of loans and/ or advances from/investment in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments

(ii) Matter to be reviewed by the Board

The minutes of the meetings of the board of directors of the Unlisted Subsidiary shall be placed at the meeting of the Board for their review and consideration. The management of the Unlisted Subsidiary shall periodically bring to the attention of the Board, a statement of all Significant Transactions or Arrangements entered into by the Unlisted Subsidiary.

(c) Disposal of shares or assets of Material Subsidiary

(i) The Company shall not dispose of shares in its Material Subsidiary which would reduce the shareholding of the Company (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty per cent) or cease the exercise of control over the Material 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.

- (ii) The Company shall not sell, dispose and lease of assets amounting to more than 20% (twenty per cent) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall without 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 an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

(d) Compliances with respect to material non-listed Indian subsidiary companies

As per regulation 24 (1) of SEBI Listing Regulations, at least 1 (one) Independent Director on the Board shall be a director on the board of directors of an unlisted Material Subsidiary, whether incorporated in India or not.

Notwithstanding anything contrary contained in this Policy, for the purpose this clause, the term “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

(e) Secretarial Audit

The Unlisted Material Subsidiaries incorporated in India shall undertake secretarial audit; and the Company shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

(f) Disclosure under Regulation 30 of SEBI Regulations

The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company, in accordance with Regulation 30(9) of the SEBI Listing Regulations.

V. GUIDING PRINCIPLES:

Material Subsidiary of the Company would be identified, if any, as a one-time exercise annually and such exercise may be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification may be conducted soon after preparation of annual accounts and the outcome will be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

VI. DISCLOSURES

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

VII. AMENDMENT

The Board is, subject to applicable laws, entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law in force from time to time shall prevail over this Policy.
