

Policy for determining 'Material Subsidiaries'

1. The policy is framed by the Company pursuant to clause 49 of the Listing Agreement to ensure compliance with the applicable provisions of the Listing Agreement. The Policy has come into effect from **October 1, 2014 and amended on 27th May, 2022.**

2. Definitions

(i) "Act" means Companies Act, 2013 including any statutory modification or re-enactment thereof

(ii) "Subsidiary Company" as defined under clause 2(87) of the Act

(iii) "Holding Company" as defined under clause 2(46) of the Act

(iv) "Company" means **SWARNA SECURITIES LTD.**

(v) The term "material non-listed Indian Subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

(vi) The term "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 material unlisted subsidiary for immediately preceding accounting year.

3. Basis of Determining Material Subsidiary: - This Policy lays down the basis of determining Material Subsidiaries of the Company and related issues as specified in the provisions of Clause 49 of the Equity Listing Agreement with the Stock Exchange(s). A Subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited Balance Sheet of the previous financial year or if the Subsidiary has generated 20% of the consolidated income of the Company during the previous financial year. On the basis of the above, the Company shall determine the Material Subsidiary.

4. Policy & Procedure

a) At least one independent director on the Board of Directors of the Holding Company, will be appointed as a director on the Board of Directors of a material non-listed Indian subsidiary Company, as and when applicable.

b) As per Clause 49(V)(F) of the Listing Agreement, the Company will not dispose of shares in its material subsidiary which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 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 a Court/ Tribunal).

c) Prior approval of the Shareholders of the company by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets amounting to more than 20% of the material subsidiary on an aggregate basis during the financial year (exception being if the sale/ disposal/ lease is made under a Scheme of Arrangement duly approved by a Court/ Tribunal).

d) The management of the Company should periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions and arrangements entered into by a material unlisted subsidiary company.

5. Amendments to the Policy: The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications, etc., on the subject as may be issued by relevant Statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant 3 authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

6. Interpretation: Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.

7. Disclosures(s): Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. The Company shall disclose the policy on dealing with Related Party Transactions and material subsidiary on its website and also in the Annual Report. Furthermore, all the related party transactions shall be disclosed in the Annual Report of the Company. This Policy will be communicated to all operational employees and other concerned persons of the Company.