PC JEWELLER LIMITED

CIN: L36911DL2005PLC134929
Regd. Office: 24/2708, Bank Street, Karol Bagh, New Delhi – 110005
Phone: 011-47104810, Fax: 011-28720811
E-mail: investors@pcjewellers.com, Website: www.pcjeweller.com

POLICY ON MATERIAL SUBSIDIARIES

(Updated as on November 12, 2014)

1) PREFACE

The Policy on Material Subsidiaries ("**Policy**") is framed in accordance with the requirements of Clause 49 of the Listing Agreements with Stock Exchanges, as amended from time to time.

The Policy has been approved by the Board of Directors ("**Board**") of PC Jeweller Limited at its meeting held on September 13, 2014 and is applicable w.e.f. October 1, 2014. In view of the SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014, the Policy has been updated and the Board approved the updated Policy at its meeting held on November 12, 2014.

2) POLICY OBJECTIVE

The Policy is framed to determine the material subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3) DEFINITIONS

3.1) "**Act**" means the Companies Act, 2013.

3.2) **"Audit Committee"** means a Committee of Board of Directors of the Company, constituted in accordance with provisions of Section 177 of the Act read with Clause 49 of the Listing Agreement with Stock Exchanges.

3.3) "**Board**" means the Board of Directors of the Company.

3.4) "**Company**" means PC Jeweller Limited.

3.5) **"Independent Director"** means a director as defined under the Act and the Listing Agreements with the Stock Exchanges.

3.6) **"Material Non Listed Indian Subsidiary"** means 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 listed holding company and its subsidiaries in the immediately preceding accounting year.

3.7) **"Policy"** means Policy on Material Subsidiaries.

3.8) **"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 material unlisted subsidiary for the immediately preceding accounting year.

3.9) **"Subsidiary Company or Subsidiary"** means subsidiary as defined under the Act and the Rules made thereunder.

4) CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

a) investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or

b) the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

5) GOVERNANCE OF MATERIAL SUBSIDIARY

5.1) At least one Independent Director of the Company shall be a director on the Board of the Material Non Listed Indian Subsidiary company.

5.2) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.

5.3) The minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of the Company at regular intervals.

5.4) The Board of the Company shall review all the significant transactions and arrangements entered into by the unlisted subsidiary company, on half yearly basis.

5.5) The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non Listed Indian Subsidiary.

6) DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the Members by Special Resolution, shall not:

a) 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

b) ceases the exercise of control over the Subsidiary.

However, prior approval of the Members by Special Resolution will not be required in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

7) SELL / DISPOSAL / LEASE OF ASSETS OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the Members by Special Resolution, shall not sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year.

However, prior approval of the Members by Special Resolution will not be required in cases where such sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

8) DISCLOSURE

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

9) AMENDMENT

The Board of the Company may amend or modify or update the Policy in whole or in part, at any time subject to the amendments to the Act and/or Listing Agreement.

---*******************---**