SANGHVI BRANDS LIMITED

CIN- L74999PN2010PLC135586

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

Registered Address: -

Sanghvihouse,105/2, Shivajinagar, Pune, Maharashtra-411005

PREAMBLE

The purpose of this Policy is to determine the material subsidiaries of the Company and to ensure compliance with applicable regulatory requirements in relation to governance of material subsidiaries.

OBJECTIVE

The objective of this Policy is:

- To define the criteria for determining a material subsidiary;
- To provide a framework for governance and oversight of material subsidiaries; and
- To ensure compliance with the requirements of SEBI LODR Regulations and other applicable laws

Definitions

"Applicable Law" shall mean the Listing Regulations, the Companies Act, 2013 and This Policy for Determining Material Subsidiary ("Policy") is framed in accordance with Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), as amended from time to time and the rules made thereunder and includes any other statute, law, standards, regulations or other governmental instruction relating to corporate governance;

"Audit Committee" shall mean the committee of the Board of Directors constituted as per Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations;

"Board" means the Board of Directors of Sanghvi Brands Limited;

"Company" means Sanghvi Brands Limited;

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“Material Subsidiary” means a Subsidiary whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year;

“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;

“Subsidiary” means a subsidiary, as provided under Section 2(87) of the Companies Act, 2013;

“Unlisted Subsidiary” shall mean a Subsidiary whose securities are not listed on any of the recognized stock exchanges of India.

INTERPRETATION

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it under the Applicable Law.

PROCESS OF DETERMINATION AND COMPLIANCES IN RESPECT OF MATERIAL SUBSIDIARIES:

a) The management shall, on an annual basis, present before the Audit Committee, a list of all the Subsidiaries including Material Subsidiary, if any and the same shall also be placed before the Board.

b) Audit Committee shall recommend to the Board appointment of at least one Independent Director of the Company on the Board of the unlisted Material Subsidiary, if any, whether incorporated in India or not.

[Explanation: For the purpose of this clause, the term “Material Subsidiary” shall mean a subsidiary whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year]

c) Once a Subsidiary is identified as Material Subsidiary, the Company shall adhere to the following procedures:

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i. The Company shall not dispose of the shares of the Material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting.

ii. 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.

GENERAL COMPLIANCES IN RESPECT OF OTHER SUBSIDIARIES

Apart from the above, the following general compliances shall be adhered to by the Company with respect to all its Subsidiaries, whether or not they are Material Subsidiary:

a) The Audit Committee and the Board of Directors of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary.

b) The Audit Committee shall review the utilization of loans and/ or advances from/ investment by the Company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the concerned subsidiary, whichever is lower, including existing loans/advances/investments existing as on the date of coming into force of this provision or such other threshold as may be prescribed from time to time under Applicable Law or decided by the Board.

c) The minutes of the board meetings of the Unlisted Subsidiary shall be placed at the meeting of the Board of the Company.

d) The management shall periodically bring to the attention of the Board of the Company, a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary.

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e) The Material unlisted Subsidiary incorporated in India shall undertake a secretarial audit by a Secretarial Auditor [a company secretary in practice or a firm of Company Secretary(ies) in practice] who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as may be specified by SEBI, with the Annual Report of the Company.

f) The Company shall disclose all events or information with respect to its Subsidiaries, which are material for the Company as defined/ determined in the Policy on Determination of Materiality in the manner as provided in the said Policy.

g) The Company shall place on its website, a separate audited financial statement of each Subsidiary in respect of a relevant financial year, at least 21 days prior to the date of the annual general meeting of the Company which has been called to, inter alia, consider the accounts of that financial year.

REPORTING AND DISCLOSURE

As prescribed by Clause 46(2)(h) of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

AMENDMENTS

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

The Board or the Audit Committee of the Board ("Audit Committee") subject to confirmation by Board, may review and amend this policy from time to time.

SANGHVI BRANDS LIMITED
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Registered Office: 105/2, Sanghvi House, Shivaji Nagar, Pune, Maharashtra 411005

Email: info@sanghvibrands.com Website:www.sanghvibrands.com

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