

SIDDHA VENTURES LIMITED

Policy on ‘Material’ subsidiaries

1. PURPOSE AND SCOPE

Siddha Ventures Limited has adopted the policy and procedures with regard to determination of ‘Material Subsidiaries and disclosures thereof’. The Policy has been drawn in terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations (“Listing Regulations”), as amended.

Any amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this policy.

The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

2. DEFINITIONS

- (i) **“Act”** means Companies Act, 2013 & rules made thereunder.
 - (ii) **“Company”** means Siddha Ventures Ltd
 - (iii) **“Audit Committee or Committee”** means **“Audit Committee”** constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.
 - (iv) **“Board of Directors”** or **“Board”** means the Board of Directors of Siddha Ventures Limited, as constituted from time to time.
 - (v) **“Independent Director”** means a Director of the Company, not being a whole-time Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Regulations with the Stock Exchanges.
 - (vi) **“Policy”** means Policy on Material Subsidiaries.
 - (vii) **“Holding Company”** shall be as defined under Section 2(46) of the Act and the Rules made thereunder.
 - (viii) **“Subsidiary”** shall be as defined under Section 2(87) of the Act and the Rules made thereunder.
 - (ix) **“Material non-listed Indian subsidiary”** means an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.
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(x) **“Material Related Party Transaction”** means a transaction with a related party, where in the value of transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1,000 Crore or ten percent of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements of the Company.

(xi) In case transactions involving payments made with respect to brand usage or royalty, if it exceeds 2% of annual consolidated turnover of the Company as per its last audited financial statements.

(xii) **“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.

(xiii) **“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 shareholders agreements or voting agreements or in any other manner.

Any term not defined herein, shall have the same meaning as defined under the Companies Act, 2013 or rules framed thereunder and the Listing Regulations.

3. IDENTIFICATION OF ‘MATERIAL’ SUBSIDIARY

A subsidiary shall be considered as ‘material subsidiary’ if –

- a. The investment of the Company, whether current or prospective, in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year, or
- b. If the subsidiary has generated 10% of the consolidated income of the company during the previous financial year.

4. MATERIAL MODIFICATION

“Material modification” means and includes any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

5. GOVERNANCE FRAMEWORK

- a) At least one Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Indian Subsidiary Company.
 - b) Only Independent members of the Audit Committee shall approve the Related Party Transactions at the Audit Committee meeting.
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- b) The Audit Committee of the listed holding company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall periodically be placed before the Board of the Company.
- d) The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

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 its shareholding (either on its own or together with other subsidiaries) to less than 50% except in cases where such disinvestment 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 or
- b) Cease the exercise of control over the subsidiary or
- c) Sell, dispose and lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year 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.

7. SECRETARIAL AUDIT

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.

8. DISCLOSURES

This policy shall be disclosed on the company's website, www.siddhaventures.com and a web link thereto shall be provided in the Annual Report.

9. REVIEW OF THE POLICY

This Policy will be subject to review as may be deemed necessary and in accordance with any regulatory amendments.
