

1. PURPOSE OF THIS POLICY

Arihant Institute Limited (“the Company”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI, in its circulars dated April 17, 2014 and September 15, 2014, revised Clause 49 of the Listing Agreement and introduced new regulatory requirements for material subsidiary companies.

The Board of Directors (the “Board”) of the Company has adopted the policy and procedures for Determining ‘material’ subsidiary companies (“Policy”) in accordance with the provisions of Clause 49(V)(D) of the Listing Agreement.

This Policy will be used to determine the Material Subsidiaries and Material Non-listed Indian Subsidiary of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

2. DEFINITIONS

“**Audit Committee**” means the Audit Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

“**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 Act and the Listing Agreement.

“**Material Subsidiary**” shall mean a Subsidiary in which the investment of the Company 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 twenty per cent of the consolidated income of the Company during the previous financial year.

“Material non-listed Indian Subsidiary” means unlisted subsidiary which is incorporated in India, whose income or net worth (i.e. paid up capital and freereserves) exceeds 20% of the consolidated income or net worth respectively, of Company and its subsidiaries in the immediately preceding accounting year.

“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,

“Subsidiary Company” means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.

3. POLICY AND PROCEDURE

- i. The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary of the Company.
- ii. The minutes of the Board meetings of the Unlisted Subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- iii. The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
- iv. One Independent Director of the Company shall be a director on the board of the Material Non-Listed Indian Subsidiary.
- v. The Company shall not 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% 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 Court/Tribunal.
- vi. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

4. DISCLOSURE

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Agreement. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

5.LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.

POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS.

The Board of Directors of Arihant Institute Limited (hereinafter referred to “**Company**”) have adopted a Policy for determination of materiality of events (hereinafter referred to as “**Policy**”). The Policy aims for disclosure of important and material events of the Company to the Stock Exchange where the equity shares are listed, to stakeholders in compliance with the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “**Regulations**”).

The Policy endeavours to promote transparency and to ensure that the stakeholder is informed regarding the major and material events of the Company. The Company, in addition to the disclosure of events specified under Para A of Schedule III of the Regulations, shall also make disclosure of events or information specified under Para B of Schedule III, which, in the opinion of the Board of Directors of the Company, is material in nature.

CRITERIA FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION RELATING TO THE COMPANY

The Board of Directors shall consider the following criteria for determining the materiality of events/information:

- a) The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- b) The omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;
- c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the Board of Directors of the Company, the event/information is considered material.

FOLLOWING EVENTS MAY BE CONSIDERED MATERIAL BY THE BOARD OF DIRECTORS ON THE BASIS CRITERIA SPECIFIED ABOVE

The Company shall intimate the following events /information upon occurrences in consideration with the criteria for determining materiality of events:

- 1) Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/divisions.
- 2) Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie – up, adoption of new lines of business or closure of operations of a unit/division (entirely or piecemeal)
- 3) Capacity addition or product launch
- 4) Awarding, bagging/receiving, amendment or termination awarded /bagged orders/contracts not in normal course
- 5) Agreements (viz; loan agreement(s) (as a borrower) or any other agreement(s) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination (s) thereof.

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- 6) Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
- 7) Effect(s) arising out of change in the regulatory framework applicable to the listed entity.
- 8) Litigation(s)/dispute(s)/regulatory action(s) with impact
- 9) Fraud /defaults etc. by directors(other than key managerial personnel) or employees of listed entity.
- 10) Options to purchase securities including any ESOP/ESPS Scheme.
- 11) Giving of guarantees or indemnity or becoming a surety for any third party.
- 12) Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

The Board of the Directors of the Company may consider any other event/information that is likely to affect the business of the Company and is a major development in the organisation and provide brief details to the Exchange and further it may also disclose any other information which is exclusively known to the Company which may enable the stakeholders to appraise its position and to avoid establishment of a false market.

The Board of Directors of the Company has authorised CEO & Whole-time Director and chief financial officer for the purpose of determining materiality of an event or information in consultation with the Board wherever required, and for the purpose of making disclosures to stock exchange(s).

This Policy may be amended any time as agreed by the Board of Directors of the Company in order to be in compliance with the Regulation.