POLICY FOR DETERMINING MATERIAL SUBSIDIARY OF THE COMPANY

{PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015}

ARIGATO UNIVERSE LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY OF THE COMPANY

A. APPLICABILITY

This policy is formed as a part of Corporate Governance Framework as per the requirement of Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

B. PURPOSE

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

C. DEFINITIONS

a) **"Act"** means Companies Act, 2013 and the Rules made thereunder.

b) **"Audit Committee"** means Committee of Board of Directors of the Company constituted under provisions of SEBI Listing Regulations and the Companies Act, 2013.

c) **"Company"**, means Arigato Universe Limited.

d) **"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.

e) **"Holding Company"**, in relation to one or more other companies, means a company of which such companies are subsidiary companies.

f) **"Policy"** means Policy to determine the Material Subsidiaries of the Company.

The terms not defined in the Policy shall have the same meaning as defined in the Companies Act, 2013, and the Rules thereto and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

g) **"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 the immediately preceding accounting year.

h) **"Subsidiary Company" or "Subsidiary"**, in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) controls the composition of the Board of Directors; or
(ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as prescribed under the Act.

Explanation—For the purposes of this clause:

a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
c) the expression "company" includes anybody corporate;
d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

D. TEST TO DETERMINE THE MATERIALITY OF A SUBSIDIARY

A subsidiary shall be considered as **material subsidiary if turnover or net worth exceeds ten percent** of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

E. PROCEDURE TO IDENTIFY A SUBSIDIARY AS MATERIAL SUBSIDIARY

1. The Audit Committee of the Board of Director of the Company shall review the financial statements including the investments made by all subsidiaries of the Company.

2. The minutes of the Board meetings of the subsidiary company shall be placed at the Board meeting of the Company.

3. The Management 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 the subsidiary company.

The Board of Directors will determine the above information sources from time to time and will verify whether the subsidiary of the Company is 'Material' as specified in Clause D above at the end of each financial year.

F. RESTRICTIONS IMPOSED ON THE MATERIAL SUBSIDIARIES

In case the subsidiary is determined as the Material Subsidiary of the Company as per above test, the following restrictions will apply to the Company:

1. 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 a Court / Tribunal.

2. The Company shall obtain prior approval of the Members by way of special resolution for the sale, disposal and lease of assets which amounts to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year.

   However, the said approval will not be required for the sale / disposal / lease made under a scheme of arrangement duly approved by a Court / Tribunal.

G. PERIODICAL REVIEW/AMENDMENTS OF THE POLICY

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

H. DISCLOSURES

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