



Policy on Identification of Group Companies, Material Creditors and Material Litigations

Sonam Clock Limited

CIN: U33302GJ2001PLC039689

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A. INTRODUCTION

Securities Exchange Board of India (“SEBI”), vide its notification dated August 14, 2015, notified the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations (Fourth Amendment) Regulations, 2015 (“4th Amendment Regulations”) whereby SEBI (i) modified the definition of the ‘group companies’; (ii) modified the disclosure requirements pertaining to litigation involving the issuer company, its directors, its subsidiaries (if any), its promoters and its group companies; and (iii) modified the disclosure requirement pertaining to the outstanding dues to creditors. Accordingly, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI Regulations”) stands amended to this extent.

B. OBJECTIVE

In view of the 4th Amendment Regulations, the Board of Directors (“Board”) of Sonam Clock Limited (“Company”) has adopted this policy and procedures for determination of:

- (i) Companies which are considered to be material as a Group company of the Company within the meaning of ‘Group Company’ defined under the SEBI Regulations;
- (ii) Material Creditors; and
- (iii) Material Litigation.

This policy shall be called the ‘Policy on Identification of Group Companies, Material Creditors and Material Litigations’ (“Policy”).

The Policy shall be come into effect from the date of its approval by our Board.

C. INTERPRETATION

In this Policy, unless the context otherwise requires:

1. words denoting the singular shall include the plural and vice versa.
2. references to the words “include” or “including” shall be construed without limitation.

D. POLICY PERTAINING TO THE IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS

The policy with respect to the identification of the group companies of our Company, Material Creditors and Material Litigation shall be as follows:

Identification of the Group Companies

As per Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company is required to define materiality policy, for identification of “Group Companies” for disclosure of “Group Companies” in its draft prospectus/prospectus as:

“The words “group companies”, wherever they occur, shall include such companies as covered under applicable accounting standards and also other companies as considered material by the board of the issuer.”

For the purpose of identification of “Group Companies”, our Company has considered those companies as our Group Companies which is covered under the applicable accounting standard (AS-18) issued by the Institute of Chartered Accountants of India as per Restated Financial Statements and also other companies as considered material by the Board of the issuer pursuant to

Schedule VIII of the SEBI (ICDR) Regulation 2009. The materiality Policy framed by the Board covers such Companies as Our Group Companies which fulfils both (i) and (ii) conditions as mentioned below:-

(i) Such company that forms part of the Promoter Group of our Company in terms of Regulation 2(1)(z)(b) of the SEBI Regulations; and

(ii) Our Company has entered into one or more transactions with such company in preceding fiscal or audit period as the case may be exceeding ten percent (10.00%) of total revenue of the company as per Restated Standalone Financial Statements.

Identification of Material Creditors

Our Company is required to disclose in the Draft Prospectus / Prospectus, the details of the outstanding dues to creditors: (i) based on the policy on materiality of our Board, complete disclosure for such creditors; and (ii) consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved. Additionally, our Company is required to provide complete details about outstanding dues to creditors as per (i) and (ii) above on the webpage of our Company with a web link thereto in the Draft Prospectus / Prospectus which is as follows:-

For identification of material creditors, any creditor of the Company shall be considered to be material, if the amount due to any one of them exceeds five percent (5.00%) of trade payables as per the last audited financial statements of the Company.

Identification of Material Litigation

Our Company is required to disclose in the Draft Prospectus / Prospectus all outstanding: (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) taxation matters (indirect and direct taxes); and (iv) other pending material litigation, involving our Company, our directors, our promoters and our Group Companies.

1. For the purposes of disclosure pursuant to the SEBI Regulations and the Materiality Policy, following litigation are considered material for disclosure in Draft Prospectus/Prospectus of our Company :-

All pending litigation involving our Company, holding, Directors, Promoters and Group Companies, other than criminal proceedings and statutory or regulatory actions, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of one percent (1.00%) of the profit after tax of our Company as per the last audited financial statement.

2. For the purposes of determining material litigation(s) involving our Directors in (iv) above, our Board shall consider all outstanding litigation involving each Director and it believes that if any such litigation has an adverse outcome and therefore, would materially and adversely affect the reputation, operations or financial position of our Company, it shall be considered as material litigation and accordingly, each of our directors shall identify and provide information relating to such outstanding litigation involving themselves.

E. APPROVAL

This policy has been approved by our Board in its meeting held on February 21, 2018.

F. AMENDMENT

The Board (including its duly constituted committees wherever permissible), shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall automatically stand amended to reflect any changes to the SEBI Regulations, to the extent the same is the subject matter of this Policy.

G. DISCLOSURE

Para X(A)(1)(iv) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 requires the same to be disclosed in its draft prospectus/prospectus of the company
