

## **DATAMATICS GLOBAL SERVICES LIMITED**

### **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

#### **1. OBJECTIVE:**

The Policy is framed by the Board of Directors of Datamatics Global Services Limited to determine material subsidiaries of the Company and to provide governance framework for such subsidiaries of the Company.

#### **2. KEY DEFINITIONS:**

2.1 “Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

2.2 “Material Subsidiary” is a subsidiary that satisfies any of the following conditions:

- a) whose income exceeds twenty percent of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year
- b) whose net worth exceeds twenty percent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year.

2.3 “Material Non Listed Indian Subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company in the immediately preceding accounting year.

2.4 “Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder. The Companies Act, 2013 defines the term “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:

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 any body corporate;

### **3. GUIDING PRINCIPLES ON MATERIAL SUBSIDIARIES:**

- 3.1 At least one Independent Director of the Company shall be a director on the Board of Directors of the Material Non-listed Indian Subsidiary Company.
- 3.2 The Audit Committee of Board of the Company, shall review the financial statements of unlisted subsidiary company, in particular, the investments made by the unlisted subsidiary company on an annual basis.
- 3.3 The minutes of the Board Meetings of the unlisted subsidiary company, shall be placed before the Board of the Company.
- 3.4 The management shall, on a quarterly basis bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

### **4. DISPOSAL OF MATERIAL SUBSIDIARIES:**

- 4.1 The Company shall not dispose shares in its Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or ceases 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 ; or
- 4.2 Selling, disposing and leasing of the 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 the shareholders by way of special resolution, unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal.

**5 DISSEMINATION OF POLICY:**

This Policy shall be hosted on the Company's website at [www.datamatics.com](http://www.datamatics.com) and address of the weblink thereto shall be provided in the Annual Report of the Company.

**6 POLICY REVIEW AND AMENDMENTS:**

The Board will constantly review, and if found essential, may amend this Policy from time to time, so that the Policy remains compliant with applicable legal requirements.

**7 SCOPE AND LIMITATION:**

In the event where the terms of this Policy differ from the provisions of any existing or new statutory enactments, Rules, Regulations or standard governing the Company, the provisions of such statutory enactments, rules, etc. shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

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