

SAKSOFT LIMITED
MATERIAL SUBSIDIARY POLICY

[Pursuant to Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

[As approved / amended by the Board of Directors on 27th May, 2019]

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1. Scope and Purpose of Material Subsidiary Policy

Securities and Exchange Board of India (SEBI) has amended the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR Regulations) on May 9, 2018, which would come into effect from April 1, 2019. Regulation 16(1)(c) under Chapter IV of the LODR Regulations, mandates the Company to formulate a policy for determining 'material' subsidiaries'.

The policy shall be approved by the Board of Directors of the Company and also be disclosed on the Company's website.

Accordingly, the Board of Directors of the Company has approved the following policy for determination of material subsidiary and also hosted on Company's website: www.saksoft.com

2. Definitions

2.1 'Consolidated Income or Net worth' means the total income or net worth of the Company and its subsidiaries.

2.2 "Material Subsidiary" as per Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall mean a subsidiary, whose income or net worth exceeds ten per cent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

2.3 "Significant transaction" or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

Words and expressions used in this policy shall have the same meanings respectively assigned to them in the Companies Act, 2013, LODR Regulations and / or any other applicable rule, regulations as the context may require.

3. Material Subsidiary - Determination Criteria

3.1 A subsidiary shall be a Material Subsidiary for the financial year as per Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if the income or net worth of such subsidiary exceeds ten per cent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

3.2 Net worth or consolidated income, as the case may be, shall be as per the audited balance sheet of the previous financial year.

3.3 The Audit Committee to annually review the list of subsidiaries together with the details of the materiality defined herein, at least once in a year.

4. Governance norms for subsidiaries

4.1 At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation- For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

4.2 The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

4.3 The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.

4.4 The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation.-For the purpose of this regulation, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

4.5 Every listed entity 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, in such form as may be specified with effect from the year ended March 31, 2019.

4.6 The Company, without obtaining the prior approval of the members by Special resolution, shall not:-

a. dispose the shares held in material subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50% or ceases the control over the material subsidiary.

Provided in cases where such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal such approval of members is not required;

b. sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

Provided where such sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal, such approval of members is not required.

5 Amendments to the Policy

This policy may be amended by the Board at any time either suo-moto and / or pursuant to amendments to the LODR Regulations or such other law, rules, regulations, guidelines as applicable. If there is any amendment to the policy, this policy will be deemed to have been amended and such amendment will take effect from date of the approval of such amendment.
