

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **TITLE:**

This Policy shall be called the 'Policy for determining Material Subsidiaries'.

### **OBJECTIVE:**

This Policy is framed in accordance with the requirements of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the purpose of determination of Material Subsidiaries and their governance. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

### **DEFINITIONS:**

- a. "Board" means the Board of Directors of The California Software Company Limited.
- b. "Company" means The California Software Company Limited.
- c. "Control" shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- d. "Policy" means this Policy, as amended from time to time.
- e. "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
- f. "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 material subsidiary for the immediately preceding accounting year.
- g. "Subsidiary" means a subsidiary as defined under Sub-section (87) of Section 2 of the Companies Act, 2013

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, the Listing Regulations or any other relevant legislation / law applicable to the Company.

**COMPLIANCES:**

- a. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of its unlisted material subsidiary, incorporated in India.
- b. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- d. The management of the unlisted subsidiary should periodically bring to the notice of the Board, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- e. The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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.
- f. 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.
- g. Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this Regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- h. Such other compliances as may be stipulated under the Listing Regulations from time to time.

**AMENDMENTS:**

The Board shall have the power to amend any of the provisions of this Policy except in in case of any regulatory amendments where the Policy shall stand amended automatically by operation of law in line with and to the extent of such amendment.