

XCHANGING SOLUTIONS LIMITED - POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARIES

This Revised Policy for determination of material subsidiaries shall come into effect from April 1, 2019

1. INTRODUCTION

This policy shall be known as “Policy for determination of material subsidiaries” of Xchanging Solutions Limited” made pursuant to Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). Regulation 16 of the Listing Regulations requires that every listed company shall formulate a policy for determining material subsidiaries and intended to ensure that the Board of Directors has overall supervision of functioning of Subsidiaries of the Company and regulate the investments of the Company in Subsidiaries.

In the above context, Xchanging Solutions Limited (the “Company”) has formulated ‘Policy on determining material subsidiaries’ (“Material Subsidiary Policy” or “policy”). This policy is to regulate the investments of Company in Subsidiaries and oversee the functioning of subsidiaries based on the applicable laws and regulations applicable on the Company.

2. DEFINITIONS:

- a) **“Board”** means Board of Directors of Xchanging Solutions Limited
- b) **“Companies Act, 2013”** means the Companies Act, 2013 read with the Rules framed thereunder including any modification(s) / amendment(s) / re-enactment(s) thereof.
- c) **“Holding Company”** means a holding Company as defined in sub section (46) of section 2 of the Companies Act, 2013.
- d) **“Insolvency Code”** means the Insolvency and Bankruptcy Code, 2016.
- e) **“Subsidiary Company”** means a subsidiary Company as defined in sub section (87) of section 2 of the Companies Act, 2013.
- f) **“Material Subsidiary”** shall mean shall mean a subsidiary, whose income or net worth exceeds 10 % (Ten percent) of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.
- g) **“Significant transactions 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
- h) **“Net worth”** means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013

3. PROVISION RELATING TO MATERIAL SUBSIDIARY

- a) At least one Independent Director on the Board of Directors of the Company shall be a director on the board of directors of an unlisted material Subsidiary company whether incorporated in India or not.

Explanation: for the purpose of this provision, notwithstanding anything to the contrary contained in para 2 (f) of this policy, the term “Material Subsidiary” shall mean shall mean a subsidiary, whose income or net worth exceeds 20 % (Twenty percent) of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

- b) 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 or equal to 50% or cease the exercise of control over the Material Subsidiary without passing a special resolution in its general meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a court/tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges with one day of the resolution plan being approved.
- c) The Company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without the prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by court/tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- d) The Company 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.
- e) The Company shall comply provisions under Listing Regulations and Companies Act, 2013 relating to material subsidiary.

4. DISCLOSURES

The material subsidiary policy shall be disclosed on the Company’s website & a web link thereto shall be provided in the Annual Report.

5. AMENDMENT

The Board of Directors, on its own and / or as per the recommendations of Audit Committee can amend this Policy as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Incorporated w.e.f.: November 7, 2014

Revised w.e.f.: April 1, 2019

Reviewed on: November 10, 2022

Current review on: November 2, 2023