

EXPLEO SOLUTIONS LIMITED

POLICY FOR DETERMINING “MATERIAL SUBSIDIARIES”

LEGAL FRAMEWORK

Pursuant to Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations”), a listed entity shall formulate a policy for determining Material Subsidiary. In order to ensure compliance with the requirements of Regulation 16 of SEBI (LODR) Regulations for such Material Subsidiaries, the Board of Directors (the “Board”) of Expleo Solutions Limited (the “Company”) is obliged to formulate a policy for determining Material Subsidiaries. In case of any amendment(s), clarification(s), circular(s) etc. (“modifications”) issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such modifications shall prevail over the provisions in this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such modifications.

PURPOSE OF THE POLICY

Besides determining the Material Subsidiaries and disclosure thereof as required under SEBI (LODR) Regulations and any other laws and regulations as may be applicable to the Company, the Policy on Material Subsidiaries (this “Policy”) intends to ensure governance of Material Subsidiaries by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions or arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling or disposing or leasing of assets of such Subsidiaries by the Company.

DEFINITIONS

1. Act

“Act” means Companies Act, 2013 and Rules prescribed thereunder, including any statutory amendment or modification thereof.

2. Audit Committee

“Audit Committee” means the audit committee of the Board constituted under the Companies Act, 2013 and the SEBI (LODR) Regulations.

3. Board of Directors or Board

“Board of Directors or Board” means the board of directors of the Company, as may be constituted from time to time.

4. Consolidated Income

“Consolidated Income” means the total income of the Company and its Subsidiaries.

5. Holding Company

“Holding Company” in relation to one or more other companies, means a company of which such companies are subsidiary companies.

Explanation—For the purposes of this clause, the expression "Company" includes any body corporate.

6. Independent Director

“Independent Director” means an independent director as defined under the Act.

7. Material Non-listed Indian Subsidiary

“Material Non-listed Indian Subsidiary” shall mean an unlisted Subsidiary, incorporated in India, whose turnover or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

8. Material Subsidiary

A Subsidiary shall be considered as Material, whose turnover or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

9. Net Worth

“Net Worth” means net worth as defined in Sub-Section (57) of Section 2 of the Companies Act, 2013.

10. Significant Transaction or Arrangement

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% 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.

11. Subsidiary Company

“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 voting power either at its own or together with one or more of its Subsidiary companies.

Explanation - For the purpose of this definition:

- a) A company shall be deemed to be a Subsidiary Company of the Holding Company even if the control referred to in clause (i) or (ii) above 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.

The term "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner (*as defined under Section 2 (27) of the Act*).

GUIDING PRINCIPLES

Identification of Material Subsidiary of the Company including any:

- Material listed Indian and foreign Subsidiaries
- Material Non-listed foreign Subsidiary

shall be done during each financial year and the conclusion shall be placed before the Audit Committee and the Board of the Company. If there are any changes during the year, the same may be done at the end of respective quarters.

Material Non-listed Indian Subsidiary of the Company would be identified, if any, and such exercise shall be done during each financial year and the conclusion shall be placed before the Audit Committee and the Board of the Company. If there are any changes during the year, the same may be done at the end of respective quarters.

PROVISIONS WITH REGARD TO MATERIAL SUBSIDIARY COMPANIES

1. The Chief Financial Officer and Director – Finance of the Company will be responsible for monitoring and determining which of the Subsidiaries falls within the definition of Material Subsidiary.
2. Monitoring of investments made by the Company in the Subsidiaries for the purpose of determining the materiality of the Subsidiary shall be done whenever such an investment is made. Monitoring the quantum of generation of consolidated income / net worth of the Company will be done at the time of finalizing the consolidated annual accounts of the Company.

CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY OF LISTED ENTITY

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

RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

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 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 or 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.

RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY

The Company shall not sell, dispose and lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution in its general meeting, unless the sale or disposal or lease is made under a scheme of arrangement duly approved by a Court or Tribunal, or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

COMPLIANCE BY STEP DOWN SUBSIDIARIES

Where the Company has a listed Subsidiary, which itself is a Holding Company, this Policy shall apply to the listed Subsidiary in so far as its Subsidiaries are concerned.

DISCLOSURES

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

AMENDMENT OR REVIEW

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

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Amendment Tracker					
Version	Change Information	Prepared By	Reviewed By	Approved By	Approved Date
V1.0	Policy for determining Material Subsidiary	Company Secretary and Compliance Officer & Team	Alagar & Team	Board of Directors	Friday, April 5, 2019
V2.0	Policy for determining Material Subsidiary	Company Secretary and Compliance Officer & Team	Eshwar & Team – Secretarial Consultant	Board of Directors	Friday, January 10, 2020
V3.0	Policy for determining Material Subsidiary	Company Secretary and Compliance Officer & Team	Eshwar & Team – Secretarial Consultant	Board of Directors	Friday, July 15, 2022
V4.0	Policy for determining Material Subsidiary	Company Secretary and Compliance Officer & Team	1) Chief Financial Officer. 2) Eshwar & Team - Secretarial Consultant	Board of Directors	Thursday, February 06, 2025