

MATERIAL SUBSIDIARY POLICY

Policy for determining material subsidiaries

Version. No.1.3

Document Revision History:

Version No.	Date	Prepared By / Modified By	Overview of Changes	Approved By
1.0	October 21, 2014	R. Swaminathan	Original Policy	Board of Directors
1.1	January 20, 2016	Sneha Padve	Amendment to the Policy	Board of Directors
1.2	March 26, 2019	Sneha Padve	Change of Company Name	Board of Directors
1.3	May 20, 2020	Sneha Padve	Amendment to the Policy	Board of Directors

Introduction:

Regulation 16 (1)(c) of SEBI (Listing Obligations & Disclosure Requirements) 2015, [“SEBI (LODR), Regulations, 2015”] requires the Company to formulate a policy for determining ‘material’ subsidiaries. This document is the articulation of the policy of Birlasoft Limited (“the Company”) for determining material subsidiaries, and has been approved by the Board of Directors of the Company.

Criteria for determining material subsidiaries:

A subsidiary of the Company shall be considered as material if -

- a) the income of the subsidiary exceeds 10% of the consolidated income of the Company and its Subsidiaries in the immediately preceding accounting year.

OR

- b) the net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its Subsidiaries in the immediately preceding accounting year.

For this purpose, the term ‘subsidiary’ shall have the meaning assigned to it under the Companies Act, 2013.

Requirements under Regulation 24 of SEBI (LODR) Regulations, 2015

1. At least one independent director on the Board of the Company, will be appointed as a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this clause, the term “material subsidiary” shall mean a Subsidiary Company, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

2. The Audit Committee of the Company shall 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 Company.
4. The management shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary Company.

Here, 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.

5. The Company, without prior approval of the shareholders by special resolution, shall not:
 - a) dispose of shares in the Material Subsidiary that reduces shareholding of the Company (either its own or together with other subsidiaries to less than 50% or results in cessation of control over the Material Subsidiary;
 - b) sell, dispose of or lease the assets amounting to more than 20% of the assets (on an aggregate basis during a financial year of the Material Subsidiary as per its audited stand-alone financial statements of previous financial year.

Except in cases where such disinvestment/sale/disposal/lease, as the case may be, is made under a scheme of arrangement duly approved by the Court / Tribunal.

Policy administration:

1. The Board of Directors of the Company or any Committee thereof, may also amend this policy to make it compliant with any change in the regulatory requirements or for any other purpose that it may consider expedient;
2. This policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

birlasoft

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CIN: L72200PN1990PLC059594