



POLICY FOR DETERMINING 'MATERIAL SUBSIDIARIES'

1. Introduction

Securities Exchange Board of India (SEBI) has, vide Regulation 16 (1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandated all listed companies to formulate a policy for determining 'material subsidiaries'.

The Board of Directors (the "Board") of 3i Infotech Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

2. Policy Objective

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. Definitions

- a. **"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and a fresh Listing Agreement entered into with the Stock Exchanges and the Companies Act, 2013, as amended from time to time.
- b. **"Board of Director" or "Board"** means the Board of Directors of 3i Infotech Limited, as constituted from time to time.
- c. **"Independent Director"** as defined under Companies Act, 2013 and rules made thereunder as amended from time to time and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- d. **"Consolidated Income or Networth"** means the total income or networth of the Company and its subsidiaries.
- e. **"Policy"** means this Policy on Material Subsidiary.

- f. **“Material non-listed Indian subsidiary”** shall mean an unlisted Subsidiary, incorporated in India, whose income or networth (i.e paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.
- g. **“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 material non-listed subsidiary for the immediately preceding accounting year.
- h. **“Subsidiary”** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

A Subsidiary shall be **“Material Subsidiary”** if the subsidiary, whose income or net worth exceeds **ten percent** of the consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts / agreements / regulations / rules.

1. The Companies Act, 2013 or the rules framed thereon;
2. A fresh Listing Agreement entered into with the Stock Exchanges as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
3. SEBI Act, 1992 and rules and regulations made thereunder

4. Policy

1. The Company, without the prior approval of the members by Special Resolution, shall not, except in cases where such divestment is made under a scheme of arrangement duly approved by Court/Tribunal,

¹ (The change from “Twenty percent” to “Ten percent” to be effective from April 01, 2019, as approved in 151st Meeting of the Board of the Company held on January 18, 2019)

- a. dispose off the shares in Material Subsidiaries which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
 - b. cease the exercise of control over the Subsidiary or
 - c. sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary.
2. The management shall present to the Audit Committee annually the list of material subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
 3. Atleast one Independent Director of the Company shall be a director on the Board of the Material non-listed Indian subsidiary company.

5. Other Provisions.

1. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the non-listed subsidiary Company periodically.
2. The minutes of the Board Meetings of the non-listed subsidiary companies shall be placed before the Board of the Company periodically.
3. The Board of Directors of the Company shall review all the significant transactions and arrangements entered into by the subsidiary company, on a quarterly basis

6. Amendments:

This Policy may be amended by the board at any time and is subject to the-

- (i) amendments to the Companies Act, 2013 and Rules made thereunder and
- (ii) further guidelines and enactments by the SEBI, including a fresh Listing Agreement entered into with the Stock Exchanges as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



7. Disclosures

The Policy on material subsidiaries shall be disclosed on the Company's website at www.3i-Infotech.com and a weblink there to shall be provided in the Annual Report.