



**POLICY ON IDENTIFICATION OF
MATERIAL SUBSIDIARY
[ADOPTED BY BOARD ON 05.02.2025]**

Description of the Document -

This document provides a brief description of the Policy on Identification of Material Subsidiary at EXCELSOFT.

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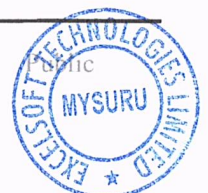
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1. INTRODUCTION

The Board of Directors (the “**Board**”) of Excelsoft Technologies 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.

Regulation 16(1)(c) read with Regulation 46(2)(h) of Listing Regulations requires the Company to formulate a policy for determining ‘material’ subsidiary and disclose such policy on its website.

The policy for determining ‘material’ subsidiary has been framed in accordance with the Regulation 30 and other applicable regulation of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulation**”).

All words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“**Act**”) and the Rules, Notifications and Circulars issued thereunder, as amended from time to time.

2. DEFINITIONS

“**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of the SEBI (LODR) Regulations, 2015.

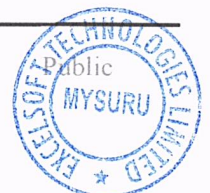
“**Board of Directors**” or “**Board**” means the Board of Directors of Excelsoft Technologies Limited, as constituted from time to time.

“**Company**” means Excelsoft Technologies Limited.

“**Independent Director**” means a Director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

“**Policy**” means this Policy, as amended from time to time.

“**Subsidiary**” shall mean a subsidiary as defined under the Act and Rules made thereunder.



“**Material Subsidiary**” “Material Subsidiary” means a subsidiary incorporated overseas, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“**Significant Transaction and 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 unlisted subsidiary for the immediately preceding accounting year. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

3. GOVERNANCE FRAMEWORK

- (1) 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 whether incorporated in India or not, however it will be subject to the constitutional requirement of the host country and should not be in contravention of Indian law.

For the purposes of Clause, notwithstanding anything to the contrary contained in this Policy, the term “material subsidiary” means a subsidiary, whose income or net worth exceeds twenty percent (10%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- (2) The Company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than Fifty percent (50%) or the Company ceases the exercise of control over such subsidiary; Such approval shall not be required if the disinvestment is:
 - 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 within one day of the resolution plan being approved.
- (3) The Company shall obtain prior approval of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year; Such approval shall not be required, if such sale, disposal, lease of assets is:
 - under a scheme of arrangement duly approved by a Court/Tribunal, or



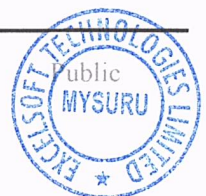
- under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- (4) The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the Material Subsidiary.
- (5) The minutes of the Board Meetings of the Material Subsidiary shall be placed before the Board of Directors of the Company.
- (6) The management of the Material Subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the Material Non-Listed Indian Subsidiary. A transaction or arrangement shall be considered significant if it exceeds or is likely to exceed 10 percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding financial year.
- (7) Every Material Subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

4. MATERIALITY ASSESSMENT

1. Any information or event, whether positive or negative, should be regarded as “material” if it meets the qualitative and/ or quantitative criteria for materiality set out in this Policy, or is deemed to be material under the Applicable Laws. Materiality will be determined on a case to-case basis depending on specific facts and circumstances relating to the information/event, and Applicable Laws.
2. Events listed in Para A – Part A of Schedule III of Listing Regulations, shall be deemed to be material based on application of the guidelines for materiality, as specified in sub-regulation (4).
3. Events/information listed in Para B – Part A of Schedule III of the Listing Regulations, shall be considered material if it satisfies the materiality criteria stated below:

I. Qualitative Criteria

- (a) the omission of such event or information is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) the omission of such event or information is likely to result in significant market reaction if the said omission came to light at a later date; or



II. Quantitative Criteria

If the value or the expected impact in terms of value of such event or information exceeds the lower of the following: (a) two percent of turnover, as per the Company's last audited annual consolidated financial statements.

(b) two percent of net worth, as per the Company's last audited annual consolidated financial statements, except in case the arithmetic value of the net worth is negative

(c) five percent of the average of absolute value of profit or loss after tax, as per the Company's last three audited annual consolidated financial statements.

5. To determine the materiality of other events/information which are not covered under 3 above, relevant qualitative and quantitative criteria, as may be determined by the Board of Directors of the Company from time to time, shall be considered.

For instance, for contracts (including contracts with customers/clients) which are in the normal course of the Company's business, such contracts will be considered material and disclosed if either

(i) the estimated annual contract value (ACV) of such contract; or

(ii) The highest annual estimated revenue computed based on the contract terms/ payment receivable by the Company as per its payment schedule, exceeds 2% of the Company's revenue as per its last audited annual consolidated financial statements.

6. Notwithstanding anything stated above, the Board of Directors of the Company may prescribe any other criteria, from time to time, to determine materiality of events/information under this Policy. However, such criteria shall not dilute the requirements prescribed under the Listing Regulations.

5. DISCLOSURES

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report. Further, details of material subsidiaries of the Company, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries shall also be disclosed in the annual report.

