

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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By Secretarial

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MASTEK LIMITED
CIN: L74140GJ1982PLC005215

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

[Pursuant to Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I. INTRODUCTION

This policy intends to comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), as may be amended from time to time, to determine material subsidiaries of the Company.

The Board of Directors of the Company has reviewed, revised and adopted the following policy and procedures with regard to determination of Material Subsidiaries with effect from April 01, 2019.

II. OBJECTIVE:

The objective of this Policy is to determine material subsidiaries of the Company. The Company has put in place an appropriate framework for determining material subsidiaries.

III. DEFINITIONS:

1. “Act” means the Companies Act, 2013 as may be amended from time to time.
2. “Audit Committee or Committee” means Audit Committee constituted by the Board of Directors of the Company under the provisions of SEBI Listing Regulations and the Companies Act, 2013, from time to time.
3. “Company” means Mastek Limited.
4. “Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time.
5. “Independent Director” means a director of the Company, not being a whole time director and who neither is a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and SEBI Listing Regulations, as amended from time to time.
6. Section 2 (87) defines “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:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—for the purposes of this clause,

- a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) 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;
 - d) “layer” in relation to a holding company means its subsidiary or subsidiaries;
7. “Material Subsidiary” shall mean a subsidiary, whose income 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 Unlisted Indian Subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
9. “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.

Any other term not defined herein, shall have the same meaning ascribed to it, as defined under Companies Act, 2013 and the Rules framed thereunder, the SEBI Listing Regulations or any other relevant legislation/ regulation applicable to the Company from time to time.

IV. GUIDING PRINCIPLES:

1. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16 (1) (c) of SEBI Listing Regulation, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
2. The management should periodically bring to the attention of the Audit Committee and Board of Directors of the Company, a Statement of all Significant Transactions and Arrangements entered into by any Unlisted Material Subsidiary Company.
3. A list of such Material subsidiaries and Material Unlisted Indian Subsidiaries shall be yearly presented to the Audit Committee annually for its noting.
4. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Subsidiary Company.
5. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.

6. Following transactions shall be undertaken only after passing a special resolution in the Company's General Meeting unless such divestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal:
- a) Disposing of shares in its material subsidiary to a non-Mastek Group entity which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease to exercise of control over the subsidiary and;
 - b) Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

V. DISCLOSURE:

As prescribed under the SEBI Listing Regulations, this Policy shall be displayed on the website of the Company and a web link shall be provided in the Annual Report of the Company.

VI. POLICY REVIEW AND REVISION:

This Policy can be changed, modified or abrogated at any time by the Board of Directors on the recommendation of the Audit Committee in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

Any term not defined herein, shall have the same meaning prescribed to it, as defined under Companies Act, 2013 and the Rules framed thereunder, the SEBI Listing Regulations and any other law. Also in case of any subsequent changes in the provisions of the Act, SEBI Listing Regulations or any other regulations which make any of the provisions in the Policy inconsistent with such regulations, then the provisions of such Act, Regulations/Rules shall prevail over this Policy.

AMENDMENT HISTORY

Version No.	Date	Amendment History	Remarks
1.00	19/04/2016	Original Issue	Approved in Board Meeting dated 19/04/2016
2.00	16/04/2019	Policy Modified as required due to changes in the SEBI Listing Regulations.	Approved in the Board Meeting dated 16/04/2019