

POLICY ON DETERMINING MATERIAL SUBSIDIARIES**[ADOPTED BY BOARD ON 05.02.2025]**

Version approved by: The Board of Directors of Excelsoft Technologies Limited	05.02.2025
Version approved on:	29.04.2026
Effective Date:	29.04.2026
Last Modified on:	29.04.2026

📍 Kuvempunagar, Mysuru

! Nikhil Plaza, 1310 & 1333,
! Gaganachumbi Double Rd,
! Block K, G & H Block, Kuvempu Nagara,
! Mysuru-570 023, Karnataka, India

📍 Hyderabad

! 2nd floor, IMAGE Incubation centre,
! Software Technology Parks of India,
! Divyasree solitaire, Plot No. 14 & 15,
! Software Units layout, HITEC City, Madhapur,
! Hyderabad - 500081, Telangana, India

📍 Noida

! Plot no. A 42/6, Suite No.401,
! 4th Floor, Sector - 62,
! Noida – 201301, Uttar Pradesh, India

CONTENTS

Sl.No.	Contents
1	Introduction and Regulatory Framework
2	Definitions
3	Dual Threshold Framework – Key to This Policy
4	Purpose and Objectives
5	Identification of Material Subsidiaries – Annual Exercise
6	Independent Director on Board of Unlisted Material Subsidiary
7	Audit Committee Review
8	Minutes of Board Meetings of Subsidiaries
9	Significant Transactions and Arrangements of Unlisted Subsidiaries
10	Secretarial Audit of Material Subsidiaries
11	Restriction on Disposal of Shares of Material Subsidiary
12	Restriction on Disposal of Assets of Material Subsidiary
13	Disclosure under Regulation 30(9)
14	Reporting and Disclosure of This Policy
15	Compliance Responsibility
16	Review and Amendment

Kuvempunagar, Mysuru

Nikhil Plaza, 1310 & 1333,
Gaganachumbi Double Rd,
Block K, G & H Block, Kuvempu Nagara,
Mysuru-570 023, Karnataka, India

Hyderabad

2nd floor, IMAGE Incubation centre,
Software Technology Parks of India,
Divyasree solitaire, Plot No. 14 & 15,
Software Units layout, HITEC City, Madhapur,
Hyderabad - 500081, Telangana, India

Noida

Plot no. A 42/6, Suite No.401,
4th Floor, Sector - 62,
Noida – 201301, Uttar Pradesh, India

1. **Introduction and Regulatory Framework**

The Board of Directors (“Board”) of Excelsoft Technologies Limited (“Company”) has adopted this Policy on Determining Material Subsidiaries (“Policy”) in accordance with the following regulatory provisions:

- a. Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) which defines “Material Subsidiary” and requires the Company to formulate a policy for determining material subsidiaries;
- b. Regulation 24 of the SEBI Listing Regulations which prescribes corporate governance requirements in respect of subsidiaries of listed entities;
- c. Regulation 24A of the SEBI Listing Regulations (as substituted by the LODR Third Amendment Regulations, 2024 effective December 31, 2024) which prescribes secretarial audit requirements for listed entities and their material subsidiaries;
- d. Regulation 30(9) of the SEBI Listing Regulations which requires disclosure of all events and information with respect to subsidiaries that are material for the listed entity; and
- e. Regulation 46(2)(h) of the SEBI Listing Regulations which requires this Policy to be disclosed on the website of the Company.

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

2. **Definitions**

- a. **“Act”** means the Companies Act, 2013 and the Rules made thereunder, as amended from time to time.
- b. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company under the provisions of the SEBI Listing Regulations and the Act.
- c. **“Board”** means the Board of Directors of Excelsoft Technologies Limited, as constituted from time to time.
- d. **“Company”** means Excelsoft Technologies Limited (formerly known as Excelsoft Technologies Private Limited).
- e. **“Control”** shall include the right to appoint majority of the directors or to control the management or policy decisions of an entity, exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.
- f. **“Independent Director”** means an Independent Director as defined under Regulation 16(1)(b) of the SEBI Listing Regulations, not being a Whole-time Director, and who is neither a promoter nor belongs to the promoter group of the Company, and who satisfies the criteria of independence under the Act and the SEBI Listing Regulations, as amended from time to time.
- g. **“Material Subsidiary”** means a subsidiary of the Company whose turnover or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, as defined under Regulation 16(1)(c) of the SEBI Listing Regulations.

Kuvempunagar, Mysuru

Nikhil Plaza, 1310 & 1333,
Gaganachumbi Double Rd,
Block K, G & H Block, Kuvempu Nagara,
Mysuru-570 023, Karnataka, India

Hyderabad

2nd floor, IMAGE Incubation centre,
Software Technology Parks of India,
Divyasree solitaire, Plot No. 14 & 15,
Software Units layout, HITEC City, Madhapur,
Hyderabad - 500081, Telangana, India

Noida

Plot no. A 42/6, Suite No.401,
4th Floor, Sector - 62,
Noida – 201301, Uttar Pradesh, India

- h. **“Policy”** means this Policy on Determining Material Subsidiaries, as amended from time to time.
- i. **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, together with circulars issued thereunder, as amended from time to time.
- j. **“Significant Transaction or Arrangement”** means any individual transaction or arrangement entered into by an unlisted subsidiary that exceeds or is likely to exceed 10% (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.
- k. **“Subsidiary”** means a subsidiary as defined under Section 2(87) of the Act and the Rules made thereunder.
- l. **“Unlisted Material Subsidiary”** means a Material Subsidiary whose equity shares are not listed on any recognised stock exchange.

3. Dual Threshold Framework – Key to This Policy

This Policy operates with two distinct thresholds for different purposes under the SEBI Listing Regulations. It is important to understand this distinction to apply the Policy correctly:

Threshold	Purpose	Policy Reference
10% of consolidated turnover or net worth	General Material Subsidiary status	Clauses 2(i), 6, 7, 8, 9
20% of consolidated turnover or net worth	Independent Director appointment obligation on subsidiary Board	Clause 5

The 20% (Twenty percent) threshold for Independent Director appointment is not a higher materiality test – it is a specific threshold prescribed by Regulation 24(1) for that particular governance obligation only. All other obligations under this Policy – including Audit Committee review, minutes placement, significant transaction reporting, secretarial audit, share disposal restriction and asset disposal restriction – apply at the 10% (ten percent) threshold.

4. Purpose and Objectives

The purpose of this Policy is to determine Material Subsidiaries and ensure governance thereof, in compliance with the SEBI Listing Regulations. The specific objectives of this Policy are to:

- a. define the criteria for determining Material Subsidiaries of the Company;
- b. prescribe the requirement of an Independent Director on the Board of certain unlisted Material Subsidiaries;
- c. ensure periodic review by the Audit Committee of the financial statements of Material Subsidiaries;
- d. ensure that minutes of Board meetings of subsidiaries are placed before the Board of the Company;

📍 Kuvempunagar, Mysuru

| Nikhil Plaza, 1310 & 1333,
 | Gaganachumbi Double Rd,
 | Block K, G & H Block, Kuvempu Nagara,
 | Mysuru-570 023, Karnataka, India

📍 Hyderabad

| 2nd floor, IMAGE Incubation centre,
 | Software Technology Parks of India,
 | Divyasree solitaire, Plot No. 14 & 15,
 | Software Units layout, HITEC City, Madhapur,
 | Hyderabad - 500081, Telangana, India

📍 Noida

| Plot no. A 42/6, Suite No.401,
 | 4th Floor, Sector - 62,
 | Noida – 201301, Uttar Pradesh, India

- e. bring to the attention of the Board all Significant Transactions and Arrangements entered into by unlisted subsidiaries;
- f. prescribe restrictions on disposal of shares and assets of Material Subsidiaries;
- g. ensure secretarial audit compliance for unlisted Material Subsidiaries incorporated in India; and
- h. ensure appropriate disclosure requirements under the SEBI Listing Regulations.

5. Identification of Material Subsidiaries – Annual Exercise

The identification of Material Subsidiaries and Unlisted Material Subsidiaries shall be conducted as an annual exercise, soon after the preparation of the annual accounts of the Company and its subsidiaries. The outcome of such identification shall be placed before the Audit Committee and the Board at the meeting in which the annual audited accounts of the Company are considered.

The Chief Financial Officer and / or Chief Executive Officer shall be responsible for conducting the identification exercise based on the annual audited financial statements and presenting the financial data to the Company Secretary. The Company Secretary shall be responsible for placing the outcome before the Audit Committee and the Board, and for ensuring compliance with all governance and disclosure obligations that flow from the identification.

6. Independent Director on Board of Unlisted Material Subsidiary

At least 1 (One) Independent Director on the Board of the Company shall be a director on the Board of Directors of each unlisted Material Subsidiary, whether incorporated in India or not.

Provided that for the purpose of this Clause 6 only, the term “Material Subsidiary” shall mean a subsidiary whose turnover or net worth exceeds 20% (Twenty percent) of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year, in accordance with Regulation 24(1) of the SEBI Listing Regulations.

Upon identification of an unlisted Material Subsidiary qualifying at the 20% (Twenty percent) threshold, the Board shall ensure that at least 1 (One) Independent Director of the Company is appointed as a director on the Board of such subsidiary. The Nomination and Remuneration Committee shall facilitate this process by identifying a suitable Independent Director from the Company's Board for such appointment, taking into account the time commitments and potential conflicts of interest of the concerned Independent Director.

7. Audit Committee Review

The Audit Committee of the Company shall review the financial statements of the unlisted subsidiaries of the Company, in particular the investments made by each unlisted subsidiary. Such review shall be placed before the Audit Committee at appropriate intervals as determined by the Audit Committee and shall be carried out at least annually in connection with the review of the annual audited accounts of the Company.

8. Minutes of Board Meetings of Subsidiaries

The minutes of the Board meetings of all unlisted subsidiary companies of the Company shall be placed before the Board of Directors of the Company at the next Board meeting of the Company held after such minutes are available. The Company Secretary shall ensure compliance with this requirement at each Board meeting.

Kuvempunagar, Mysuru

Nikhil Plaza, 1310 & 1333,
Gaganachumbi Double Rd,
Block K, G & H Block, Kuvempu Nagara,
Mysuru-570 023, Karnataka, India

Hyderabad

2nd floor, IMAGE Incubation centre,
Software Technology Parks of India,
Divyasree solitaire, Plot No. 14 & 15,
Software Units layout, HITEC City, Madhapur,
Hyderabad - 500081, Telangana, India

Noida

Plot no. A 42/6, Suite No.401,
4th Floor, Sector - 62,
Noida – 201301, Uttar Pradesh, India

9. Significant Transactions and Arrangements of Unlisted Subsidiaries

The management of each unlisted subsidiary of the Company shall periodically bring to the notice of the Board of Directors of the Company a statement of all Significant Transactions and Arrangements entered into by such unlisted subsidiary.

A transaction or arrangement shall be considered Significant if it exceeds or is likely to exceed 10% (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.

10. Secretarial Audit of Material Subsidiaries

Every unlisted Material Subsidiary incorporated in India shall undertake secretarial audit in accordance with Regulation 24A of the SEBI Listing Regulations, and the secretarial audit report of such subsidiary shall be annexed to the Annual Report of the Company.

The secretarial auditor of every unlisted Material Subsidiary incorporated in India shall be a peer-reviewed company secretary in practice holding a valid certificate of peer review issued by the Institute of Company Secretaries of India, and shall be appointed for a term of one consecutive period of five years by the Board of Directors and shareholders of the subsidiary concerned, in accordance with the applicable provisions of the SEBI Listing Regulations and the Act.

The Company shall ensure, through its nominee directors or other governance mechanisms, that each unlisted Material Subsidiary incorporated in India complies with the secretarial audit requirements prescribed under Regulation 24A of the SEBI Listing Regulations, as amended from time to time

11. Restriction on Disposal of Shares of Material Subsidiary

The Company shall not dispose of shares in its Material Subsidiary in a manner that would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (Fifty Percent), or cease the exercise of Control over the subsidiary, without passing a Special Resolution at a General Meeting of the Company.

Provided that this restriction shall not apply where the divestment is made under a scheme of arrangement duly approved by a Court or Tribunal (including the National Company Law Tribunal), or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, and such event is disclosed to the recognised stock exchange(s) within 1 (One) day of the resolution plan being approved.

12. Restriction on Disposal of Assets of Material Subsidiary

Selling, disposing of or leasing assets of a Material Subsidiary amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of the shareholders of the Company by way of a Special Resolution, in addition to any approvals required at the subsidiary level under applicable law.

Provided that this restriction shall not apply where the sale, disposal or lease is made under a scheme of arrangement duly approved by a Court or Tribunal (including the National Company Law Tribunal), or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, and such event is disclosed to the recognised stock exchange(s) within one day of the resolution plan being approved.

Kuvempunagar, Mysuru

Nikhil Plaza, 1310 & 1333,
Gaganachumbi Double Rd,
Block K, G & H Block, Kuvempu Nagara,
Mysuru-570 023, Karnataka, India

Hyderabad

2nd floor, IMAGE Incubation centre,
Software Technology Parks of India,
Divyasree solitaire, Plot No. 14 & 15,
Software Units layout,HITEC City, Madhapur,
Hyderabad - 500081, Telangana, India

Noida

Plot no. A 42/6, Suite No.401,
4th Floor, Sector - 62,
Noida – 201301, Uttar Pradesh, India

Provided further that the prior approval of the shareholders of the Company by way of Special Resolution shall not be required where such sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company

13. Disclosure of Material Events of Subsidiaries under Regulation 30(9)

In accordance with Regulation 30(9) of the SEBI Listing Regulations, the Company shall disclose to the recognised stock exchange(s) all events or information with respect to its subsidiaries that are material for the Company. The determination of whether an event or information relating to a subsidiary is material for the Company shall be made by the Board or the official designated under Regulation 30(5) of the SEBI Listing Regulations.

Where both the Company and a listed subsidiary are required to make disclosure of the same event or information under Regulation 30, both entities shall make separate and independent disclosures to the stock exchanges as applicable.

14. Reporting and Disclosure of This Policy

In accordance with Regulation 46(2)(h) of the SEBI Listing Regulations, this Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

Any revision to this Policy shall be disclosed on the website of the Company and in the Annual Report of the Company.

15. Compliance Responsibility

The Company Secretary of the Company shall be responsible for ensuring compliance with this Policy and shall have the authority to seek any information or clarifications from the management in this regard.

The Company Secretary shall, in coordination with the Chief Financial Officer and/or Chief Executive Officer, present the outcome of the annual identification exercise to the Audit Committee and the Board as prescribed in Clause 5 of this Policy, along with the relevant financial data and a summary of the governance obligations arising from such identification

16. Review and Amendment

- a. The Board may review and amend this Policy from time to time as may be deemed necessary or as required by any regulatory amendments.
- b. In case of any amendment(s), clarification(s) or circular(s) issued by any relevant regulatory authority that are inconsistent with the provisions of this Policy, such amendment(s), clarification(s) or circular(s) shall prevail and this Policy shall stand amended accordingly from the effective date, even if not expressly incorporated herein.
- c. The Board shall review this Policy once every year or upon any significant regulatory amendment to the SEBI Listing Regulations affecting the provisions of this Policy.

Kuvempunagar, Mysuru

Nikhil Plaza, 1310 & 1333,
Gaganachumbi Double Rd,
Block K, G & H Block, Kuvempu Nagara,
Mysuru-570 023, Karnataka, India

Hyderabad

2nd floor, IMAGE Incubation centre,
Software Technology Parks of India,
Divyasree solitaire, Plot No. 14 & 15,
Software Units layout, HITEC City, Madhapur,
Hyderabad - 500081, Telangana, India

Noida

Plot no. A 42/6, Suite No.401,
4th Floor, Sector - 62,
Noida – 201301, Uttar Pradesh, India