

# HEXAWARE TECHNOLOGIES LIMITED

## Policy on determination of material Subsidiaries

### 1. Objective:

The objective of this Policy is to determine 'material' subsidiary companies ("Policy") in accordance with the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").

### 2. Definitions:

**Audit Committee** means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013 (the "**Act**") and Regulation 18 of the Listing Regulations.

**Independent Director** means a director of the Company other than a managing director or a whole-time director who satisfies other criteria for independence laid down under Section 149(6) of the Act and the Regulation 16(1)(b) of the Listing Regulations.

**Material Subsidiary:** A "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds the prescribed limit, as defined in the Listing Regulations, of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

### 3. Policy:

- a. The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- b. 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.
- c. The management of the unlisted subsidiary 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 the unlisted subsidiary. 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.
- d. The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the Material Subsidiary without passing a special resolution in a general meeting of its shareholders except in cases where such disinvestment is made 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.

- e. The 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 shall require prior approval of shareholders by way of special resolution unless the sale/disposal /lease is made 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.
- f. 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, whose income or net worth exceeds the prescribed limit as defined in the SEBI LODR of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- g. Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit, and shall annex a secretarial audit report given by a company secretary in practice, in such form as may be specified, with the annual report of the Company.
- h. The Company shall disclose all events or information with respect to its Material Subsidiaries, in accordance with Regulation 30(9) of the Listing Regulations.

#### **4. Procedure for determining Material Subsidiary**

In order to determine the material subsidiary, the Company shall use its Audited Consolidated Financial Statements of the previous financial year and each subsidiary shall be put to test as per the definition of material subsidiary stated in this policy. At the end of every financial year when the financial statements are approved by the Board of Directors of the Company, each of the Company's subsidiaries shall be put to test. The subsidiary, that qualifies the test of material subsidiary, shall be considered as material from that date.

#### **5. Disclosure**

This Policy shall be disclosed to on the Company website and web link thereto shall be provided in the annual report of the Company.

#### **6. Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.