

POLICY ON DETERMINING MATERIAL SUBSIDIARY

ITWINGS INFOSYSTEM LIMITED
(Formerly known as ITwings Infosystem Private Limited)

Version: 1.0

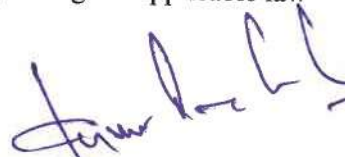
Approved By: Board of Directors

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Review Authority: Board of Directors

Next Review Due: As and when required or pursuant to any change in applicable law



ITwings Infosystem Limited | CIN No. : U72300UP2013PLC059548
(Formerly Known as Itwings Infosystem Private Limited)

Registered Address :

First Floor, B-20, Block-B, Sector-2, Noida, Gautam Buddha Nagar, Uttar Pradesh - 201301

Corporate Office :

Second Floor, Plot No. H-7, Block-B-1, Mohan Cooperative Industrial Estate, New Delhi - 110044
Tel. : 01141474162 | E-mail : info@itwingsinfosystem.com | Website : www.itwingsinfosystem.com



1. PREAMBLE

This Policy shall be called the "Policy on Determining Material Subsidiaries" ("Policy") of **Itwings Infosystem Limited** ("Company").

This Policy has been framed in accordance with the provisions of the Companies Act, 2013, the rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations" or "Listing Regulations"), as amended from time to time.

Regulation 16(1)(c) of the Listing Regulations requires every listed entity to formulate a policy for determining Material Subsidiaries. Further, Regulation 46(2)(h) of the Listing Regulations requires such Policy to be hosted on the website of the Company.

Accordingly, the Board of Directors of the Company has adopted this Policy for determining Material Subsidiaries in accordance with the applicable provisions of the SEBI Listing Regulations.

1.1 OBJECTIVE

The objectives of this Policy are to:

- i. prescribe the criteria for determining a Material Subsidiary;
- ii. provide the governance framework applicable to Material Subsidiaries in accordance with the Listing Regulations;
- iii. prescribe the restrictions relating to disposal of shares of a Material Subsidiary;
- iv. prescribe the restrictions relating to sale, disposal or lease of assets of a Material Subsidiary;
- v. provide for the appointment of an Independent Director on the Board of an Unlisted Material Subsidiary, wherever applicable;
- vi. provide for Secretarial Audit of Material Unlisted Subsidiaries incorporated in India, wherever applicable under the Listing Regulations; and
- vii. ensure compliance with the applicable disclosure requirements under the Listing Regulations and other applicable laws.;

2. DEFINITIONS

2.1 Unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

- i. **"Audit Committee"** means the Audit Committee of the Board constituted by the Board of Directors of the Company, from time to time.

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- ii. **“Board of Directors”** shall mean the Board of Directors of the Company.
 - iii. **“Control”** shall include the right to appoint majority of the directors or to control the management or policy decisions 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.
 - iv. **“Independent Director”** means a non-executive director other than nominee director who satisfies all criteria of Independence given under Companies Act, 2013 and Listing Regulations.
 - v. **“Material Subsidiary”** means a subsidiary, whose Turnover or net worth exceeds ten percent of the consolidated Turnover or net worth respectively, of ITwings Infosystem Limited and its subsidiaries in the immediately preceding accounting year.
 - vi. **“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.
 - vii. **“Subsidiary”** means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013.
- 2.2 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation.

2.3 Determination of Material Subsidiary

The Audit Committee shall periodically review the financial position and other relevant information relating to the subsidiaries of the Company and recommend to the Board whether any subsidiary qualifies or ceases to qualify as a Material Subsidiary under this Policy and the Listing Regulations. The determination of whether a subsidiary is a Material Subsidiary shall ordinarily be carried out after finalisation of the annual audited consolidated financial statements or whenever any material event warrants such determination.

2.4 INTERPRETATION

Words and expressions used but not defined in this Policy shall have the meanings assigned to them under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, as amended from time to time.

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In case of any inconsistency between this Policy and the applicable law, the provisions of the applicable law shall prevail.

3. GOVERNANCE FRAMEWORK

- 3.1 The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- 3.2 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.
- 3.3 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.

Explanation: For the purpose of this clause the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. This threshold of twenty percent shall apply only for the purposes of Regulation 24(1) of the Listing Regulations.

- 3.4 The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- 3.5 The Company shall obtain prior approval of shareholder 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 50 percent 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
- under a resolution plan duly approved under Section 31 of the Insolvency Code and same is disclosed to recognised stock exchange within one day of approval of resolution plan.

- 3.6 A Company shall not sell, dispose of or lease the assets of the material subsidiary amounting to more than twenty percent of the assets of the material subsidiary on aggregate basis during a financial year without obtaining prior approval of shareholder by way of special resolution.

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Such an approval shall not be required if such sale/disposal/lease of assets is:

- under a scheme of arrangement duly approved by a Court/Tribunal
- under a resolution plan duly approved under Section 31 of the Insolvency Code and same is disclosed to recognised stock exchange within one day of approval of resolution plan.

[Nothing contained in this shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.]

3.7 Every material unlisted subsidiary of the Company incorporated in India shall undertake secretarial audit in accordance with Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit shall be conducted by a Company Secretary in practice who is peer reviewed, appointed with the prior approval of the shareholders of the Company.

The Secretarial Auditor so appointed shall be subject to the applicable tenure limits as prescribed under the SEBI Listing Regulations, namely, one term of five consecutive years in case of an individual Company Secretary and two terms of five consecutive years each in case of a firm of Company Secretaries. The Secretarial Audit Report shall be annexed to the Annual Report of the Company.

4. REVIEW AND AMENDMENT

This Policy shall be reviewed periodically by the Board of Directors or any Committee authorised by the Board to ensure continued compliance with applicable laws. The Board may amend, modify or revise this Policy from time to time in accordance with applicable laws and regulatory requirements.

Any amendment in the applicable laws shall automatically apply to this Policy until the Policy is suitably amended by the Board.

5. COMPLIANCE RESPONSIBILITY

The Compliance Officer of the company shall ensure the compliance of this Policy and shall have the power to ask for any information or clarifications from the management in this regard.

6. DISCLOSURE OF EVENTS OR INFORMATION

The Company shall disclose all events or information with respect to subsidiary, which are material for the Company as per Regulation 30(9) of the Listing Regulation.



7. WEBSITE

As per Regulation 46 (2)(h) of the Listing Regulation, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

By and on Behalf of Board of Directors

For ITwings Infosystem Limited

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Kumar Bachchan
Chairman & Managing Director
DIN: 07985461

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