



EXICOM TELE-SYSTEMS LIMITED

POLICY ON MATERIAL SUBSIDIARIES

(Effective from August 11, 2023)

POLICY ON MATERIAL SUBSIDIARIES

1. Purpose of this policy

Exicom Tele-System Limited (“Exicom” or “Company”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) lays out regulatory requirements for material subsidiary companies.

The Board of Directors (the “Board”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“Policy”) in accordance with the provisions of Regulation 16 (1) (c) of the Listing Regulations.

This Policy will be used to determine the material subsidiaries and unlisted subsidiaries, if any of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the 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 made/issued thereunder, as amended, from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

2. Definitions

“Audit Committee” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

“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 Act and the Listing Regulations.

“Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“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.

“Subsidiary” shall be as defined under the Act and the rules made thereunder

“Unlisted Subsidiary” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

3. POLICY AND PROCEDURE

- 3.1 The Chief Financial Officer of the Company will be responsible for monitoring and determining which of the Subsidiaries falls within the definition of Material Subsidiary(s)/.
- 3.2 The identification of Material Subsidiary shall be done at least once in the year or whenever company makes any investment in its Subsidiaries to ensure compliance with the applicable law.
- 3.3 The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
- 3.4 The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- 3.5 The Board shall be provided periodically with a statement of all Significant transactions and arrangements entered into by the unlisted subsidiary Company.
- 3.6 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.

Material Subsidiary, here, shall mean a subsidiary, whose income or net worth exceeds **twenty percent** of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- 3.7 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 or equal to 50% or cease the exercise of control over the subsidiary, without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by 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.
- 3.8 The Company shall not sell, dispose of or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year except in cases where such sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court /Tribunal.

3.9 Subsidiary company shall not, either by its own or through its nominees, hold any shares in its holding company and no holding company shall allot or transfer its shares to any of its subsidiary companies.

Nothing contained in this clause shall apply in the following circumstances:

- i) Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
- ii) Where the subsidiary company holds such shares as a trustee; or
- iii) Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.

4. 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 Board's report.

5. 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.

Name of the Policy	Approving Authority	Approval/ Revision Date	Version
Policy on Material Subsidiaries	Board of Directors	11-08-2023	Adopted
		28-05-2024	V1 - Revision
		10-11-2025	V2- Review