

**izmo ltd.**

**Policy for determining**  
**Material Subsidiary**

## **Introduction:**

IZMO Limited (**the “Company”**) is an IT consulting and software services Company. The Company has established three (3) subsidiaries across the world in various countries such as Europe, US & Singapore (Named Izmo Europe BVBA, Izmo Inc. & Midrange Software Pte Ltd respectively), which are wholly owned by the Company. In order to ensure good corporate governance and comply with the requirements of the Regulation 16(1)(C) of the SEBI ( Listing Obligations and Disclosure Requirements Regulation, 2015, it is necessary for the Company to formulate a policy to determine the material subsidiaries of the Company.

## **Objective:**

In view of the requirements referred to above and for enhancement of its commitment to better corporate governance, the Company has adopted a policy for determining its material subsidiaries (the “Policy”). The objective of the Policy is to determine the material subsidiaries of the Company and set out the governance framework for such subsidiaries.

## **Effective Date:**

In the context of the aforesaid objectives, this Policy has been formulated by the Company and adopted by the Board of Directors of the Company on 13<sup>th</sup> February 2016 and this date will be deemed to be the effective date of this Policy.

## **Definitions:**

**“Act”** means the Companies Act, 2013 and the rules made there under;

**“Audit Committee”** means the audit committee constituted by the Board, from time to time, under the provisions of the Act and the Listing Agreement;

**“Board”** means the board of directors of the Company, as constituted from time to time;

**“Holding Company”** shall have the meaning given to it under Section 2(46) of the Act;

**“Independent Director”** shall mean a director of the Company, other than a managing director or a whole-time director or a nominee director, and who satisfies the criteria for independence prescribed under the Act and the SEBI ( Listing Obligations and Disclosure Requirements Regulation, 2015,;

**“Listing agreement”** shall mean an agreement that is entered into between a recognised stock exchange and an entity, on the application of that entity to the recognised stock exchange, undertaking to comply with conditions for listing of designated securities;

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

**“Subsidiary”** shall have the meaning given to it under Section 2(87) of the Act.

**“Material Subsidiary”** shall mean a Subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

**“Material non-listed Indian Subsidiary”** shall mean an unlisted Subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

Any capitalized terms used but not defined in this Policy shall have the meaning given to them under the Act, the Listing Agreement, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or any other applicable rules, guidelines and regulations prescribed there under.

#### **Governance of Material Subsidiaries:**

(1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.

(2) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

(3) 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 listed entity.

(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.

(5) A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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 a Court/Tribunal.

(6) Selling, disposing and leasing of assets amounting to more than twenty percent 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.

(7) Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

**Disclosures:**

The Company shall disclose this Policy on the Company's website and a web link to the same shall also be provided in the Annual Report of the Company.

**Amendment:**

The Board may on its own and/or as per the recommendations of the Audit Committee amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the rules, regulations, notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendments, clarifications, circulars etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendments, clarifications, circulars etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendments, clarifications, circulars etc.

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