



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Version No. 1 dated 22nd September, 2025

Adopted by the Board of Directors at their meeting held on 22nd September, 2025.

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

INTRODUCTION

Securities and Exchange Board of India (“SEBI”), has vide its notification dated 2nd September 2015 introduced the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**the Listing Regulations**”). Regulation 16(c) of Chapter IV of the Listing Regulations requires the companies listed on Stock Exchanges to frame Policy for determining ‘Material Subsidiary’ of the Company and to provide governance framework for such subsidiaries.

Accordingly, in compliance with the aforesaid regulations, the Board of Directors (the “**Board**”) of Datasol (Bangalore) Limited (Formerly known as Datasol (Bangalore) Private Limited) (“**the Company**”), has adopted this Policy for determination of “Material Subsidiaries” at its Meeting held on 22nd September, 2025.

The Policy sets out the approach for determination of Material Subsidiaries of the Company.

EFFECTIVE DATE

The Policy shall be effective from the date of listing of the equity shares of the Company on the stock exchange(s).

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulations/ the Companies Act, 2013 (“**the Act**”) or any other statutory enactments, rules, the provisions of the Listing Regulations/ the Act or statutory enactments, rules shall prevail over this Policy.

OBJECTIVE OF THE POLICY

This Policy has been framed to determine the Material Subsidiaries and Material Non-listed Indian Subsidiaries of the Company and to provide the governance framework for such Subsidiaries.

DEFINITIONS

‘Act’ means the Companies Act, 2013 and rules, notifications, circulars framed thereunder, as amended, from time to time.

‘Audit Committee’ or ‘Committee’ means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act read with Regulation 18 of the Listing Regulations.

‘Board of Directors’ or ‘Board’ means the Board of Directors of the Company, as constituted from time to time.

‘Company’ means Datasol (Bangalore) Limited (Formerly known as Datasol (Bangalore) Private Limited).

‘Control’ shall be as defined under Section 2(27) of the Act and the rules made thereunder.

‘Independent Director’ means Director of the Company, not being Whole-Time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Schedule IV of the Act read with Regulation 16(b) of the Listing Regulations.

“Management” means the Senior Management and Key Managerial Personnel of the Company.

‘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. However, material subsidiary is considered based on the 20% threshold for the purpose of appointment of an independent director of a listed entity as a Director on the Board of an unlisted material subsidiary, whether incorporated in India or not.

“Material Non-listed Indian Subsidiary” shall mean an unlisted Subsidiary, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Net Worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of

profit and loss account, after deducting the aggregate value of accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the audited balance sheet, but does not include reserves created out of re-valuation of assets, write-back of depreciation and amalgamation

“Policy” means policy on Material Subsidiary.

‘Significant Transaction or Arrangement’ as defined under Regulation 24(4) of the Listing Regulations 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 Company’ or **‘Subsidiary’** means subsidiary company as defined under Section 2(87) of the Act and the rules made thereunder.

Any other term not defined herein shall have same meaning as defined in the Act, the Listing Regulations, each as amended or any other applicable law or regulation in force.

GOVERNANCE FRAMEWORK WITH RESPECT TO SUBSIDIARY OF THE COMPANY

The Company, as and when becomes a Holding Company, will be required to comply with following:

- A Subsidiary shall be considered Material Subsidiary, if its income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
- At least one (01) 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. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- The minutes of the meetings of the Board of Directors of the unlisted subsidiary and its Significant Transactions and/or Arrangements shall be placed at the meeting of the Board of Directors of the Company.
- The Management shall periodically bring to the attention of the Board of Directors of the Listed Holding Company, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.

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.

- The Management shall present to the Audit Committee annually, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

The Company 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 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 a Court/Tribunal or under a resolution plan duly approved under Section 31 of Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized Stock Exchanges within one (1) day of the resolution plan being approved.

RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY BY THE LISTED ENTITY

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.

DISCLOSURE

This Policy shall be disclosed on the website of the Company in pursuance of Regulation 46(2) (h) of the Listing Regulations and a web link thereto shall be provided in the Annual Report of the Company.

MATERIAL RELATED PARTY TRANSACTION

A transaction with a related party shall be considered Material if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

AMENDMENTS AND MODIFICATION IN THE POLICY

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the policy entirely with a new policy as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this policy and to ensure governance of Material Subsidiary Companies.

PENALTY FOR NON-ADHERENCE OF THE CLAUSES OF THE POLICY

Non – Adherence to any of the Clause as mentioned in this Policy will attract penalty of one lakh rupees which may extend to one crore rupees as prescribed under Section 15 HB of SEBI Act, 1992.