

ABM KNOWLEDGEWARE LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

Introduction:

The Board of Directors (the “Board”) of ABM Knowledgeware Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

Purpose and Scope:

The Policy for determining Material Subsidiary Companies has been framed in accordance with the provisions of regulations of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The Policy will be used to determine the Material Subsidiaries of ABM Knowledgeware Limited and to provide the governance framework for such subsidiaries.

Definitions:

“Policy” means Policy on Material Subsidiaries.

“Subsidiary” shall be defined under the Companies Act, 2013 and Rules made thereunder.

“Material Non Listed Indian Subsidiary” shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

“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 material unlisted subsidiary for the immediately preceding accounting year.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made / issued there under, as amended, from time to time.

Identification of ‘Material’ subsidiary:

A subsidiary shall be considered as material if its income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Governance Framework:

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Companies.
- ii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- iii. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary companies.
- iv. At least One Independent Director on the Board of Directors of the Company shall be a director on the Board of the unlisted Material Subsidiary Company.
- v. The Company, without the prior approval of the members by Special resolution, shall not
 - a. 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 per cent or cease the exercise of control over the subsidiary or,
 - b. sell, dispose and lease the assets of the material subsidiary amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year

except in cases where such divestment/ sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal under the Companies Act, 2013 or rules made there under.

Disclosure:

The Policy for determining material subsidiaries is to be disclosed on the company's website and a web link thereto to be provided in the Annual Report of the Company.
