
POLICY FOR DETERMINING ‘MATERIAL SUBSIDIARY’

(Regulation 16(1)(c), Regulation 24 and Regulation 46(2)(h) of Securities & Exchange Board of India
(Listing Obligations & Disclosure Requirements) Regulations, 2015)

A. OBJECTIVE

The objective of this Policy is to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”), covering the following:

- i) meaning of “Material Subsidiary”;
- ii) requirement of Independent Director in certain Unlisted Material Subsidiaries;
- iii) restriction on disposal of shares of a Material Subsidiary;
- iv) restriction on transfer of assets of a Material Subsidiary;
- v) secretarial audit by Material Unlisted Subsidiaries incorporated in India; and
- vi) disclosure requirements as prescribed under the SEBI LODR Regulations.

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) read with Regulation 46(2)(h) of the SEBI LODR Regulations.

This Policy will be used to determine the material subsidiaries and material unlisted Indian subsidiaries 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, as amended and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time (“**Act**”).

The Policy has been adopted by the Board of Directors at their meeting held on January 14, 2025, and is effective from January 14, 2025.

B. DEFINITIONS

“**Act**” means the Companies Act, 2013 and the rules made thereunder (including any statutory modification/re-enactment thereof for the time being in force);

“**Audit Committee**” means the audit committee as formed under section 177 of the Companies Act, 2013 and the rules thereunder (including any statutory modification/ re-enactment for the time being in force)

“**Company**” means Methodhub Software Limited;

“**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;

“**Material subsidiary**” means, unless otherwise expressly defined, a subsidiary, whose turnover or net worth (i.e. paid up share capital and free reserves) exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year;

“**Material Unlisted Indian Subsidiary**” or “**Unlisted Material Subsidiary**” means an unlisted subsidiary, incorporated in India or not, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company 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 have the same meaning as defined under Section 2(87) of the Act.

Any other term not defined herein, shall have the same meaning ascribed to it under the Act, the SEBI LODR Regulations or any other relevant law / regulation applicable to the Company.

C. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES

A Subsidiary of the Company shall be regarded as Material Subsidiary if it falls under the criteria of the definition provided above.

The Audit Committee shall review such details / information as may be required to determine the ‘Material Subsidiaries’ from time to time.

D. GOVERNANCE OF MATERIAL SUBSIDIARIES:

1. Independent Directors on the Board of an Unlisted Material Subsidiary

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.

Notwithstanding anything contrary contained in this Policy, for the purpose of this clause, the term “Material Subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

2. Matter to be reviewed by the Audit Committee

The Audit Committee shall, in line, review:

- a. the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- b. Utilization of loans and/ or advances from/investment in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments.

3. Matter to be reviewed by the Board

- a. The minutes of the meetings of the board of directors of the Unlisted Subsidiary shall be placed at the meeting of the Board for their review and consideration.
- b. The management of the Unlisted Subsidiary shall periodically bring to the notice of the Board, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary.

Explanation: The term “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, and shall be in accordance with any meaning as may be provided for “significant transaction or arrangement” under Regulation 24(4) of the SEBI LODR Regulations, from time to time.

4. Restrictions on disposal of shares of a Material Subsidiary

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 fifty percent (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 the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5. Restriction on transfer of assets of Material Subsidiary

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of a Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company 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.

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

6. Secretarial Audit by Material Unlisted Subsidiaries incorporate in India

The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

7. Disclosure under Regulation 30 of SEBI LODR Regulations

The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company, in accordance with Regulation 30(9) of the SEBI LODR Regulations.

E. DISCLOSURES

As required under the SEBI LODR Regulations, this Policy shall be disclosed on the Company’s website viz. <https://methodhub.in/policies/> and a web link thereto shall be provided in the Annual Report.

F. REVIEW OF THE POLICY

This Policy shall be subject to review as may be deemed necessary or in accordance with any regulatory amendments, which affects the said policy.

G. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the SEBI LODR Regulations or the Act or any other relevant legislation/ regulation applicable to the Company, the provisions of the SEBI LODR Regulations or the Act or such other relevant law / regulation shall prevail over this Policy.

H. AMENDMENT

Any subsequent amendment / modification in the SEBI LODR Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

I. GENERAL

It is clarified that the Policy is solely for the purpose of disclosure requirements prescribed under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 with respect to the Offer Documents, and should not be applied towards any other purpose, including for disclosure of material information by listed entities pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/or such other regulatory, judicial, quasi-judicial, governmental, administrative or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints.

This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time. All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

Approved in the meeting dated January 14, 2025