

Mphasis Limited

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POLICY ON MATERIAL SUBSIDIARIES

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Document History

Version	Author	Date	Summary
V 1.0	A Sivaram Nair	30 Jul 2014	First Charter adopted by the Board.
V2.0	Subramanian Narayan	24 Jan 2019	Amendment to the Policy on Material Subsidiaries to align with SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018

1. Introduction

The Board of Directors (the “Board”) of Mphasis 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.

This Policy will be applicable to the Company effective 1 October 2014 and is in pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) as amended from time to time.

2. Policy Objective

To determine the Material Subsidiaries of Mphasis Limited and to provide the governance framework for such subsidiaries.

3. DEFINITIONS

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013.

“Board of Director” or “Board” means the Board of Directors of Mphasis Limited, as constituted from time to time.

“Company” means a company incorporated under the Companies Act, 2013 or under any previous company law.

“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 Companies Act, 2013 and the Listing Regulations.

“Material Subsidiary” shall mean a Subsidiary, whose 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.

“Policy” means Policy on Material Subsidiary.

“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 Subsidiary for the immediately preceding accounting year.

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

4. Policy

1. One Independent Director of the Company shall be a director on the Board of the Material Subsidiary.

Provided that for the purpose of the above requirement, a Subsidiary shall be considered as a Material Subsidiary, if the income or net worth of the subsidiary, exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

2. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the Subsidiary Companies on an annual basis.

The Audit Committee shall also review the utilization of loans and/ or advances from/investment by the Company in, the Subsidiary Companies, exceeding rupees 100 crore or 10% of the asset size of the subsidiaries, whichever is lower.

3. The minutes of the Board Meetings of the Subsidiary Companies shall be placed before the Board of the Company on a half yearly basis.

4. The management shall on a half yearly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered by the Subsidiary Companies.

5. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Subsidiary.

6. A Secretarial Audit report of a Material Subsidiary, in such form as may be prescribed, issued by a Practicing Company Secretary, shall be attached with the Annual Report of the Company issued every year.

5. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the Material Subsidiary; or
- c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the Material Subsidiary.

6. Disclosures

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at www.mphasis.com .
