

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. PURPOSE AND SCOPE

The policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of Regulation 16(c) of SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015.

The Policy will be used to determine the Material 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 SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 and in absence of its definition or explanation therein, as per Companies Act, 2013 and rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

2. DEFINITIONS

2.1 "Act" means Companies Act, 2013 & rules made there under.

2.2 "Audit Committee" or "Committee" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of section 177 of the Companies Act, 2013 and Listing Agreement with the Stock Exchanges.

2.3 "Board of Director" or "Board" means the Board of Directors of Span Divergent Ltd, as constituted from time to time.

2.4 "Company" means Span Divergent Ltd

2.5 "Holding Company" in relation to one or more other Holding company means a company of which such companies are subsidiaries companies.

2.6 "Independent Director" means a director of the Company who satisfies the criteria for independence under Section 149 of Companies Act, 2013 and under clause 49 of the Listing Agreement with the Stock Exchanges.

2.7 "Material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.

2.8 "Material Subsidiary" - shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

2.9 “Subsidiary Company” shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.

2.9.1 “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 financial year.

3. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be considered as a Material Subsidiary, if any of the following conditions are satisfied:

- I. If the net worth of Subsidiary Company exceeds 20% of its consolidated net worth as per the audited Balance Sheet of the previous financial year; or
- II. If the Subsidiary has generated income exceeding 20% of the consolidated income of the Company during the previous financial year.

4. PROVISION WITH REGARDS TO SUBSIDIARY COMPANIES

4.1 One Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of material non-listed Indian Subsidiary Company.

4.2 The Audit Committee of the company shall review the financial statements, in particular the investments made by the unlisted subsidiary company.

4.3 The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed company.

4.4 The management shall periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;

4.5 Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

5. DISPOSAL OF MATERIAL SUBSIDIARY

5.1 The Company shall not, without prior approval by way of passing a special resolution in its General Meeting:

- a. Reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 % or cease the exercise of control over the subsidiary; or
- b. Sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year

5.2 The provision of clause 5.1 shall not be applicable in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court/Tribunal.

6. DISCLOSURE

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

7. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 or any other statutory enactments, rules, the provisions of such Act or SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.
