

Policy For Determining Material Subsidiary

1. Preamble

Policy For Determining Material Subsidiary (“The Policy”) has been framed by the Company pursuant to clause 49 (V)(D) of the Listing Agreement to ensure compliance with the applicable provisions of the Listing Agreement and will come into effect from October 1, 2014.

2. Definitions:

- “Act” means Companies Act, 2013 including any statutory modification or re - enactment thereof;
- “Subsidiary Company” is as defined under clause 2(87) of the Act;
- “Holding Company” is as defined under clause 2(46) of the Act;
- “GSS” means GSS Infotech Limited;
- The term “material non-listed Indian Subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (paid -up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of GSS and its subsidiaries in the immediately preceding accounting year;
- The term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for immediate preceding accounting year.

3. Basis of Determining Material Subsidiary

This policy lays down the basis of determining material subsidiaries of the Company and related issues as specified in the provisions of Clause 49 of the Equity Listing Agreement of the Stock Exchanges.

A Subsidiary shall be considered as Material if the investment of GSS in the Subsidiary exceeds twenty per cent of its consolidated net worth as per the audited Balance Sheet of the previous financial year or if the subsidiary has generated twenty per cent of the Consolidated Income of the Company during the previous financial year.

On the basis of the above, GSS shall determine material subsidiary

4. Implementation and Approval process

- a) As per Clause 49 (V) (F) of the Listing Agreement, GSS shall not dispose of shares in its material subsidiary which would reduce GSS's shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over subsidiary without passing a special resolution in its general meeting (except in case where such disinvestment is made under a Scheme of Arrangement duly approved by a Court/Tribunal.)
- b) Prior approval of Shareholders of GSS by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on aggregate basis during the financial year (except in case where such sale / disposal / lease is made under a Scheme of Arrangement duly approved by a Court / Tribunal). In the event subsidiary of GSS becomes listed subsidiary which itself is a holding company, then this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.
- c) The management of GSS 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 a material unlisted subsidiary company.