

**POLICY FOR DETERMINING MATERIAL
SUBSIDIARIES OF DIGILOGIC SYSTEMS
LIMITED**

The policy is adopted by the Board of Directors in their meeting held on 28.07.2025

INTRODUCTION

The Board of Directors (the "Board") of **Digilogic Systems Limited** (the "Company"), has adopted this policy for determination of "Material Subsidiaries". The Board may review and amend this policy from time to time. This Policy is formulated in compliance with the requirements of Regulation 16 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015").

The primary objective of this policy is to determine material subsidiaries of the Company.

Reference to statutory provisions or regulations shall be construed as meaning and including references to any amendment or re-enactment and any amendments to any statutory provisions or regulations or clarifications applicable to the Policy shall automatically be deemed to be included in the Policy, without any further amendment of the Policy by the Board or relevant committee of the Board.

DEFINITIONS

"Audit Committee" or **"Committee"** means Audit Committee constituted by the Board of Directors of the Company.

"Board of Directors" or **"Board"** means the Board of Directors of Digilogic Systems Limited, as constituted from time to time.

"Company" means Digilogic Systems Limited.

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Independent Director" means an Independent Director referred to in section 149(6) of the Companies Act, 2013, and / or Regulation 16(b) of the Listing Regulations, 2015.

"Management" means the Senior Management and Key Managerial Personnel of **Digilogic Systems Limited**.

"Policy" means this policy on Material Subsidiaries.

"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" means subsidiary company as defined under section 2(87) of the Companies Act, 2013 and the rules made thereunder.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Companies Act, 2013 and rules and regulations made thereunder.

SCOPE & APPLICABILITY

The Subsidiary shall be considered as “Material” if it’s 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.

In case if a listed holding company has a listed subsidiary, the policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

POLICY

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
2. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.
3. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions or Arrangements entered into by the unlisted subsidiary.
4. The management shall present to the Audit Committee periodically, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
5. 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. For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of the Listing Regulations, 2015, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
6. The Company’s 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. The Company shall not without the prior approval of the Shareholders by way of Special resolution:
 - a. Dispose off 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 50% or cease the exercise of control over the subsidiary 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 and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
 - b. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary 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 and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

8. The company shall not without the prior approval of shareholders by way of special resolution dilute shareholding below 100% in its wholly owned subsidiary in which the whole or substantially the whole of the undertaking of the company was earlier transferred. The approval of shareholders by way of special resolution as mentioned hereinabove shall be acted upon only if the votes cast in favor of the resolution exceeds the votes if any cast against by the public shareholders.

AMENDMENTS TO THE POLICY

The Board of Directors on its own can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

INTERPRETATION

In case of any conflict between the provisions of this Policy and of Statutory Provisions, the Statutory Provisions shall prevail over this Policy. Any subsequent amendment/ modification in the Statutory Provisions shall automatically apply to this Policy.

Sd/-

Madhusudhan Varma Jetty
Managing Director