POLICY ON MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the "Board") of Tanla Solutions 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. This Policy is in terms of the SEBI (LODR) Regulations, 2015. If there is any clause in this policy which is inconsistent with the provisions of the Companies Act, 2013 or the listing agreement entered into with the stock exchanges in India, the provisions as mentioned in the Companies Act, 2013 or listing agreement as the case may be shall override such inconsistent provisions of this policy.

2. POLICY OBJECTIVE

To determine the Material Subsidiaries of the Company 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 Tanla Solutions 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 Agreement with the Stock Exchanges.

"Policy" means Policy on Material Subsidiary.

"Material Subsidiary" shall mean a subsidiary of the Company, in which the investment by the holding company exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

"Material Non Listed Indian Subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income 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 material unlisted subsidiary for the immediately preceding accounting year.

"Subsidiary" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

4. POLICY

a) One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

b) The Audit Committee of Board of the Company shall review the financial statements/ information, in particular, the investments made by the unlisted subsidiary Company.

c) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company. The management should periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

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 Subsidiary; or

c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary