
POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

Objective:

In terms of Explanation to Regulation 16(1)(c) read with Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended recently, every listed Company is required to formulate a Policy for determining 'material' subsidiaries to ensure governance of material subsidiary Companies.

Definitions:

"Act" means the Companies Act, 2013.

"Company" means CyberTech Systems and Software Limited.

"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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

"Net Worth" means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013.

"Significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

Criteria for Material Subsidiary:

A subsidiary shall be considered as 'material', if:

- >the net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company during the immediately preceding financial year; **OR**
- >the subsidiary has generated more than 10% of the consolidated income of the Company during the immediately preceding financial year.

Based on audited consolidated and standalone annual financial statements of Company and its subsidiaries, in each financial year, the Company would identify the subsidiaries which would get covered under the definition of material subsidiary as provided above.

Governance framework for subsidiaries:

1. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
2. The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed before at the meeting of the Board of Directors of the Company.
3. The management of the unlisted subsidiary 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 the unlisted subsidiary company.
4. In case of Material Non Listed Indian Subsidiary Company, at least 1 (one) Independent Director of the Company shall also be a director on the Board of the Material Non Listed Indian Subsidiary Company.

Explanation - For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Disposal of shares / assets of Material Subsidiary:

If a subsidiary is found to be Material:

- a) The Company will not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- b) The Company will not sell, dispose off and lease any assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolution. However, the said approval is not required if the sale/disposal/lease is made under a scheme of arrangement duly approval by a Court/Tribunal.

Disclosure of the Policy

The Company shall disclose this Policy on its Website. The necessary disclosure, if any, about the policy will also be made as per the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act 2013.

Amendment

The Board may amend or modify this Policy in whole or in part, from time to time.

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.

This Policy is amended and approved by the Board of Directors on February 04, 2019.