

B2B SOFTWARE TECHNOLOGIES LIMITED
Registered Office: AT 3RD AND 4TH FLOOR, AVR TOWERS, 6 – 3 – 1112,
BEHIND WEST SIDE SHOW ROOM, NEAR SOMAJIGUDA,
BEGUMPET, HYDERABAD – 500016
CIN: L72200TG1994PLC018351

POLICY TO DETERMINE MATERIAL SUBSIDIARY

Introduction:

The Board of Directors of B2B Software Technologies Limited 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 is in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Policy:

To determine the Material Subsidiaries of the Company and to provide governance framework for each subsidiary as envisaged under Regulation 16(1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Definitions:

- a. **Audit Committee:** Audit Committee means the Committee constituted by the Board of Directors of the Company, from time to time, under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with Section 177 of the Companies Act, 2013.
- b. **Board of Directors or Board:** means the Board of Directors of the Company, as constituted from time to time in accordance with the provisions of Companies Act, 2013.
- c. **Independent Director:** shall have the same meaning as defined under Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as defined under the provisions of Section 149 of the Companies Act, 2013 and the rules made thereunder.
- d. **Policy:** means Policy to Determine Material Subsidiary
- e. **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.
- f. **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.

- g. **Subsidiary:** means a subsidiary as defined under sub-section(87) of section 2 of the Companies Act, 2013;

Policy:

1. A subsidiary shall be a Material Subsidiary, if any of the following conditions are fulfilled:
 - a. In which the investment of the Company / Proposed investment exceeds 20% of its consolidated networth as per the audited balance sheet of the previous financial year; or
 - b. Which has generated 20% of the Consolidated income of the Company during the previous financial year.
2. At least one independent director on the Board shall be a Director on the Board of Directors of an unlisted material subsidiary, incorporated in India.
3. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
4. The minutes of Meeting of the Board of Directors of the unlisted subsidiary (applicable if as per the laws of the country in which the subsidiary is incorporated is required to hold meetings of Board)
5. 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 and arrangements entered into by the unlisted subsidiary.

Disposal of Material Subsidiary:

The Company without the prior approval of the members by way of Special Resolution shall not:

- a. Dispose of shares in material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than Fifty percent (50%); or
- b. Cease the exercise of control over the subsidiary; or
- c. Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the material subsidiary on an aggregate basis during a financial year (unless such sale, disposal or lease is made under a Scheme of arrangement duly approved by a Court / Tribunal).

This policy may be subject to review by the Board of Directors as may be required pursuant to amendments, if any, made by the regulatory authorities.