



CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Title	2
2. Scope	2
3. Definitions	2
4. Identification of Material Subsidiary	
5. Corporate Governance requirements with respect to Subsidiary / Material Subsidiaries	3
6. Amendments	3
7. Disclosures	3

1. Title

This Policy on Material Subsidiaries shall be called Cambridge Technology Enterprises Limited – Policy for determining Material Subsidiaries.

2. Scope

This Policy is framed, in accordance with the requirement of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory enactments/amendments thereof) to determine material subsidiaries of the company and to provide governance framework for such subsidiaries.

In the event of any conflict between the provisions of this Policy and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

3. Definitions

“Policy” means Policy for determining Material Subsidiaries, as amended from time to time.

“Company” means Cambridge Technology Enterprises Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Unit No. 04-03, Level 4, Block 1, Cyber Pearl, Hitec-City, Madhapur, Hyderabad – 500081 and its successors and assigns.

“Board of Directors” or “Board” means the Board of Directors of Cambridge Technology Enterprises Limited, as constituted from time to time.

“Audit Committee or Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time.

“Independent Director” means a Director of the Bank, as defined under the Companies Act, 2013 and Clause 16(1)(b) of the 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.

“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 unlisted subsidiary for the immediately preceding accounting year.

“Undertaking” shall mean an undertaking in which the investment of the company exceeds twenty per cent. of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year;

(ii) the expression “substantially the whole of the undertaking” in any financial year shall mean twenty per cent. or more of the value of the undertaking as per the audited balance sheet of the preceding financial year;

All the words and expressions used in this policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [as amended, from time to time] and in the absence of its definitions or explanations therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

4. Identification of Material Subsidiary

A subsidiary shall be considered material if the income or net worth of the subsidiary of the company exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

4. Corporate Governance requirements with respect to Subsidiary / Material Subsidiaries

4.1. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the term “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.

4.2. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary companies on a quarterly basis.

4.3. The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed at the meeting of the board of directors of the company.

4.4. 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.

4.5. The Company, without obtaining the prior approval of the members by way of Special Resolution, shall not:

- a. dispose of the shares held in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent; or
- b. ceases the exercise of control over the material subsidiary; or
- c. sell, dispose or lease of the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year,

unless the disinvestment/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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

4.6. If the Company at any time has a listed subsidiary, which is itself a holding company, the provisions of Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to subsidiary companies shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

4.7. The Company and its 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 by SEBI with effect from the year ended March 31, 2019.

4.8. The board of directors of the company, without obtaining the prior approval of the members by way of Special Resolution, shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.

6. Amendments

This Policy may be amended by the board at any time and is subject to the (i) amendments to the Companies Act, 2013 and (ii) further guidelines and enactments by the SEBI, including Listing Agreement.

7. Disclosures

The Policy for determining material subsidiaries is to be disclosed on the Company's website i.e. <http://www.ctepl.com/> and a web link thereto shall be provided in the Annual Report, as per the provisions of laws in force.