

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. Purpose and Scope:

PCS Technology Limited is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) lays out regulatory requirements for material subsidiary companies

2. Identification of ‘Material’ subsidiary:

A subsidiary shall be considered as material if –

- a. The investment of the Company, whether current or prospective, in the subsidiary exceeds 10 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or,
- b. if the subsidiary has generated 10 per cent 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 10 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

3. Governance framework:

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- ii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- iii. The management 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.
- iv. One Independent Director of the Company shall be a director on the Board of the Material NonListed Indian Subsidiary Company. Policy for determining material subsidiaries .
- v. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

4. Disposal of Material Subsidiary:

The Company shall not dispose of shares in its’ material subsidiary which would:

- a. reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 per cent or cease the exercise of control over the subsidiary or,
- b. amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year 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 under the Companies Act, 2013 or rules made thereunder.

5. Policy Review:

This policy is framed pursuant to the provisions of the Companies Act 2013 and rules thereunder and the requirements of the SEBI (LODR) Regulation, 2015 with the stock exchanges. In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

6.. DISCLOSURE

This Policy shall be disclosed on the Company's website at www.pcstech.com and the Web link thereto shall be provided in the Annual Report of the Company.

8. AMENDMENT AND UPDATES

The Board shall have the power, subject to applicable laws, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Board can make amendments in this policy, where there is any statutory changes necessitating the amendment in the policy.

The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.