



**ACE INTEGRATED SOLUTIONS LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARY**



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*Pursuant to Regulation 16(1)(c) and Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions.*

### **1. OBJECTIVE AND SCOPE**

Pursuant to SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, which inter alia lays down the criteria for determining “material” subsidiaries of the company and the governance framework for such subsidiaries.

The Objective of this policy is to determine: (i) Material Subsidiary; (ii) Reporting and governance requirement for Subsidiary Companies; (iii) Requirement of Independent Director in certain unlisted Material Subsidiary; (iv) Restriction on disposal of shares in Material Subsidiary by the Company and (v) Restriction on selling, disposing and leasing of assets of Material Subsidiary by the Company.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 as amended and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

### **2. DEFINITIONS**

- 2.1. **“Independent Director”** or **“ID”** means a non-executive director of the Company, other than a nominee director and who is neither a promoter nor belongs to the promoter group of the Company, and who satisfies other criteria for independence mentioned in the Companies Act, 2013 and the Listing Regulations.
- 2.2. **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto.
- 2.3. **“Material Subsidiary”** means a subsidiary whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 2.4. **“Significant Transaction or Arrangement”** means any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.
- 2.5. **“Subsidiary”** shall mean as defined under the Companies Act, 2013 and the rules made thereunder.
- 2.6. Any other terms not defined herein shall have the same meaning as defined in the Companies Act, 2013, Listing Regulations or any other applicable law or regulation.



### **3. PURPOSE OF THE POLICY**

3.1. The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof as required under the Listing Regulations. The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions / arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling / disposing / leasing of assets of such subsidiaries by the Company.

### **4. INDEPENDENT DIRECTOR ON THE BOARD OF SPECIFIED MATERIAL SUBSIDIARY**

4.1. At least one Independent Director on the Board of the Company shall be a director on the board of directors of unlisted Material Subsidiary(ies) fulfilling the criteria mentioned in clause 4.2 below, whether incorporated in India or not.

4.2. For the purposes of clause 4.1, any Material 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, shall be considered.

### **5. REVIEW OF FINANCIAL STATEMENTS AND MINUTES OF THE UNLISTED MATERIAL SUBSIDIARY**

5.1. The audit committee of Company shall review the financial statements of the unlisted material subsidiary, (in particular, the investments made by the unlisted Material Subsidiary).

5.2. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed before the Board of the Company.

### **6. SIGNIFICANT TRANSACTIONS/ARRANGEMENTS OF UNLISTED SUBSIDIARY COMPANIES**

6.1. The management should periodically submit to the Board a statement of all Significant Transactions and Arrangements entered into by the unlisted Subsidiary company(ies).

### **7. DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY**

7.1. The Company shall not dispose-off shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment is made under a scheme of arrangement duly approved by a court/ tribunal.

### **8. DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY**



8.1. Selling, disposing and leasing of assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a court / tribunal.

## **9. REVIEW AND AMENDMENT OF THE POLICY**

9.1. Any amendment or modification of any provision of this Policy must be approved by the Company's Board in consideration of the recommendations of the audit committee and promptly disclosed on the Company's website.

## **10. REPORTING AND DISCLOSURE**

10.1. This policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

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