

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

A. Introduction:

This Policy is laid pursuant to Regulation 16(1)(c) and Regulation 24 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. This Policy shall be called 'Policy for determining Material Subsidiaries'.

B. Definitions:

- (a) "**Company**" means ACS Technologies Limited.
- (b) "**Control**" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements voting agreements or in any other manner
- (c) "**Material Subsidiary**" is a subsidiary whose income or net worth (i.e. paid up share capital and free reserves) exceeds twenty percent of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- (d) "**Material Unlisted Indian Subsidiary**" is an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up share capital and free reserves) exceeds twenty percent of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- (e) "**SEBI Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto.
- (f) "**Significant Transaction or Arrangement**" is any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.
- (g) "**Subsidiary**" shall have the same meaning as defined under the Companies Act, 2013 and the Rules made thereunder.



Any other terms not defined herein, shall have the same meaning ascribed to it, as defined under Companies Act, 2013 and the Rules framed thereunder, the SEBI Listing Regulations, Acts, Rules and Regulations framed by the Securities Exchange Board of India or any other relevant legislation / regulation applicable to the Company.

C. Purpose:

The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof, as required under SEBI Listing Regulation (including any amendments thereof).

D. Objective:

The objective of this Policy is to determine –

- i) Meaning of 'material' subsidiary;
- ii) Requirement of Independent Director in Material Unlisted Indian Subsidiaries;
- iii) Restriction on disposal of Shares of a Material Subsidiary by the Company;
- iv) Restriction on transfer of assets of a Material Subsidiary and
- v) Disclosure requirements, based on SEBI (LODR) Regulations and any other laws and regulations as may be applicable to the Company

E. Independent Director on the Board of a Material Unlisted Indian Subsidiary:

At least one Independent Director on the Board of the Company shall be a director on the Board of Directors of a Material Unlisted Indian Subsidiary.

F. Significant Transactions/ Arrangements of a Material Unlisted Subsidiary:

- (a) The management of the Material Unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the listed entity, a statement of all significant transactions and arrangements entered into by the Material Unlisted Subsidiary.
- (b) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Material Unlisted Subsidiary.
- (c) The minutes of the meetings of the Board of Directors of the Material Unlisted Subsidiary shall be placed at the meeting of the Board of Directors of the Company.

G. Restrictions on Disposal of shares of a Material Subsidiary:

The Company shall not dispose of shares 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 cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting, except in such cases where disinvestment is under a Scheme of Arrangement, duly approved by a Court/ Tribunal.

H. Restriction on transfer of assets of a Material Subsidiary:

Selling, disposing and leasing of assets, amounting to more than twenty percent of the assets of a Material Subsidiary on an aggregate basis during a financial year, shall require prior approval of shareholders of the Company by way of Special Resolution, unless the sale/ disposal/ lease is made under a Scheme of Arrangement, duly approved by a Court/ Tribunal.

I. Disclosures:

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

J. Review of the Policy:

This Policy shall be subject to review as may be deemed necessary or in accordance with any regulatory amendments, which affects the said Policy.

For and on behalf of ACS Technologies Limited



Prabhakara Rao Alokam

Director

DIN: 02263908



Date: 04/02/2019

Place: Hyderabad