

## ACC LIMITED

### POLICY FOR DETERMINING MATERIAL SUBSIDIARY

#### 1. Introduction

This Policy has been formulated pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (the SEBI Listing Regulations) and has been modified in line with subsequent amendments made to the said Regulations.

#### 2. Objective

The policy sets out the criteria for determining a "material subsidiary".

#### 3. Definition

Subsidiary Company shall mean a company defined under Section 2(87) of the Companies Act 2013 and the Rules framed thereunder.

#### 4. Criteria for determining a material subsidiary

Pursuant to the amendments made to the listing regulations vide Notification No.SEBI/LAD-NRO/GN/2018/10 dated May 09, 2018, which shall take effect from April 1, 2019, the term "Material Subsidiary" shall carry two different meanings for the purpose of the Regulations.

- a. For the purposes of Regulation 16(1)(c) a "Material subsidiary" shall mean a subsidiary whose income or net worth exceeds 10% of the consolidated income or networth of the Company and its subsidiaries in the immediately preceding accounting year.
- b. For the purposes of the amended provisions of Regulation 24(1) of the above Regulations, notwithstanding what has been stated in Regulation 16(1)(c) as stated above, , a subsidiary company shall be considered as 'material' if the income or net worth of the subsidiary exceeds 20% of the consolidated income or net worth of the Company and its subsidiaries in the immediately preceding accounting year.

#### 5. Applicability

The Company at present does not have any material listed / unlisted subsidiary as defined either under Clause 4(a) or 4(b) above. If however, any of the existing unlisted subsidiaries of the Company becomes a material unlisted subsidiary or the Company acquires a material unlisted subsidiary at a later date as defined under Clause 4(a) above, it shall adhere to the following requirements laid down under the Regulations or any amendments thereto or any other applicable laws / regulations:

- Obtain prior approval of the shareholders by way of Special Resolution in General Meeting for disposal of shares in the material subsidiary which results in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or results in the company ceasing to exercise control over the

subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

- Obtain prior approval of the shareholders by way of Special Resolution for selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

#### **6. Appointment of an Independent Director of the Company on the Board of material unlisted subsidiary**

Pursuant to the requirements of Regulation 24(1) the Company shall ensure appointment of at least one Independent Director of the Company on the Board of an unlisted material subsidiary, whether incorporated in India or not.

For the above purpose a 'material subsidiary' shall bear the meaning as stated in Clause 4(b) above.

The amended Policy shall be effective from April 01, 2019 until which period, the earlier Policy dated October 20, 2015 shall prevail.

**Approved at the Meeting of the Board of Directors held on 20<sup>th</sup> October, 2015 and reviewed and amended on 5<sup>th</sup> February 2019.**