

# ACE SOFTWARE EXPORTS LIMITED

## POLICY FOR DETERMINING MATERIAL SUBSIDIARY

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (Listing regulation)]

### 1. **Purpose and Scope:**

The policy for determining 'Material' subsidiary companies has been framed in accordance with the clause 16(1)(d) SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and Rules, Notifications and circulars made/ issued thereunder, as amended, from time to time.

### 2. **Identification of 'Material' subsidiary:**

A Subsidiary shall be considered as material if-

"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.

### 3. **Governance framework:**

- i) The Audit Committee of Board of the Company shall review the financial statements of unlisted subsidiary company
- ii) 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.
- iii) One independent director of the company shall be a director on the board of the material non-listed Indian subsidiary company.

### 4. **Disposal of Material Subsidiary:**

The Company shall not:

- a) dispose of shares in its material subsidiary which would reduce its shareholding (either its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing the special resolution in its General Meeting, except in cases where such divestments is made under a scheme of arrangement duly approved by a Court/ Tribunal.
- b) Sell or dispose off assets amounting to more than 20% of assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolution, unless the sale/disposal is made under a scheme of arrangement duly approved by a Court/ Tribunal.

### 5. **Policy review:**

The policy shall be subject to review as may be deemed necessary and in accordance with any regulation amendments.