



Ambalal Sarabhai Enterprises Limited

Ambalal Sarabhai Enterprises Limited

Policy for Determining Material Subsidiaries

Registered Office:

Shantisadan, Mirzapur Road, Ahmedabad – 380001

Telephone: +9179-25507671/ 25507073, Fax: +9179-25507483, E-mail: ase@sarabhai.co.in

CIN: L52100GJ1978PLC003159

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES
(Regulation 16 of SEBI (LODR) Regulations, 2015)**

A. Background

The Policy for determining ‘material’ subsidiary companies has been framed in accordance with the provisions of SEBI (LODR).

B. Definition

1. Meaning of Subsidiary:

The term “Subsidiary” has been defined under Section 2(87) of the Companies Act, 2013, accordingly, Subsidiary means:

- in relation to any other company (that is to say the holding company), means a company in which the holding company—
 - i. controls the composition of the Board of Directors; or
 - ii. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause,—

- a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors;
- c) the expression “company” includes any body corporate;
- d) “layer” in relation to a holding company means its subsidiary or subsidiaries;

2. Meaning of Net Worth:

The term “Net Worth” has been defined under Section 2(57) of the Companies Act, 2013, accordingly, Net Worth means:

- The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

Registered Office:

Shantisadan, Mirzapur Road, Ahmedabad – 380001

Telephone: +9179-25507671/ 25507073, Fax: +9179-25507483, E-mail: ase@sarabhai.co.in

CIN: L52100GJ1978PLC003159

C. Criteria of determining 'material' subsidiary

“Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

However, in case the consolidated net worth of the Company being negative at the end of the immediately preceding accounting year, the material subsidiary shall mean an subsidiary whose income exceeds ten percentage of the consolidated income of the Company for the immediately preceding accounting year.

D. Compliances:

1. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation-For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “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.

2. The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
3. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
4. The management of the 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 unlisted subsidiary. Explanation.-For the purpose of this regulation, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 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.
5. A listed entity 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 or equal to fifty percent or cease the exercise of control over the subsidiary 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, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Registered Office:

Shantisadan, Mirzapur Road, Ahmedabad – 380001

Telephone: +9179-25507671/ 25507073, Fax: +9179-25507483, E-mail: ase@sarabhai.co.in

CIN: L52100GJ1978PLC003159

6. 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 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[, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved]99
7. Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
8. Secretarial Audit and Secretarial Compliance Report:

Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity. Every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty days from end of each financial year.

E. Policy Review:

This policy shall be subject to review as may be deemed necessary and in accordance with the SEBI (LODR) and / or other regulatory requirements / amendments.

Note: This policy was approved by the Board at its meeting held on 11.08.2021

Registered Office:

Shantisadan, Mirzapur Road, Ahmedabad – 380001

Telephone: +9179-25507671/ 25507073, Fax: +9179-25507483, E-mail: ase@sarabhai.co.in

CIN: L52100GJ1978PLC003159