

ARSS INFRASTRUCTURE PROJECTS LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors of ARSS Infrastructure Projects Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries at its meeting held on 7th November, 2015.

2. TITLE

This Policy shall be called ‘Policy for determining material subsidiaries’.

3. OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of the Regulation 46(2)(h) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

4. DEFINITIONS

“Board of Directors” or “Board” means the Board of Directors of ARSS Infrastructure Projects Limited, as constituted from time to time.

“Company” means ARSS Infrastructure Projects Limited

“Independent Director” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Policy” means this Policy, as amended from time to time.

"Subsidiary" shall mean a subsidiary as defined under the Act and Rules made thereunder.

“Material Non Listed Indian Subsidiary” shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- net worth (i.e. paid up share capital and free reserves) exceeds 20% of the consolidated net worth of the Company in immediately preceding accounting year; or
- income exceeds 20% of the consolidated income of the Company in immediately preceding accounting year.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulation, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

5. POLICY

a) A subsidiary shall be considered as Material if:

- the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

b) At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.

c) The Audit Committee of the Board of the Company shall review the financial statements on annual basis; in particular, the investments made by the unlisted subsidiary.

d) The Minutes of the Board Meeting of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

e) The statement of significant transactions and arrangements entered into by the unlisted subsidiary companies shall be placed before the Board.

6. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

The Company shall not, without passing a special resolution in its General Meeting:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

7. AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

8. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the SEBI Listing Regulation / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI Listing Regulation / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

9. DISSEMINATION OF POLICY

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

10. EFFECTIVE DATE

The effective date of the Policy is 1st December, 2015.