

THOMAS SCOTT (INDIA) LIMITED

POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

INTRODUCTION:

As per the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,, the Company is required to frame a policy for determining 'material' subsidiaries. Additionally, it also provides for certain criteria and compliances with respect to such subsidiaries.

OBJECTIVE:

Thomas Scott (India) Limited ("the Company") has adopted this Policy on Material Subsidiaries (the "Policy") to set forth the procedure for determination of the Material Subsidiaries, Material Non-listed Subsidiaries and to provide governance framework for such subsidiaries.

Effective Date:

This amended Policy has been adopted by the Board of Directors of Thomas Scott (India) Limited ('the Company') at its Meeting held on 12th February, 2019 (The erstwhile Policy on material subsidiary stands replaced by this Policy and the effective date is April 01, 2019).

DEFINITIONS & INTERPRETATIONS:

In this Policy, unless the context otherwise requires:

- (a) "**Act**" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (b) "**Audit Committee**" shall mean the Audit Committee of the Board of Directors of Thomas Scott (India) Limited by whatever name called framed under the provisions of Act and Listing Regulations.
- (c) "**Board**" shall mean the Board of Directors of Thomas Scott (India) Limited.
- (d) "**Independent Director**" shall mean a director of the Company who satisfies the criteria laid down under Section 149 of the Companies Act, 2013
- (e) "**Net worth**" shall mean an aggregate of "paid up capital" and "free reserve" of the Company.
- (f) "**Regulations**" or "**Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (g) "**Significant transaction or arrangement**" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of any 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.

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Any word used in this policy but not defined herein shall have the same meaning ascribed to it in the Act, SEBI Act or Rules and Regulations made thereunder, Listing Regulations, Accounting Standards or any other relevant legislation / law applicable to the Company. In case of any dispute or differences between this Policy and provisions of Act / Listing Regulations, the later shall apply.

DETERMINATION CRITERIA:

Subsidiary:

A company shall be considered as Subsidiary if it falls within the criteria defined under Section 2(87) of the Act.

Material Subsidiary:

A subsidiary shall be considered as “material” subsidiary under the following conditions:

1. if the net worth of the subsidiary exceeds ten per cent of consolidated net worth as per the audited balance sheet of the previous financial year; or
2. if the income of the subsidiary exceeds ten per cent of consolidated income as per the audited balance sheet of the previous financial year.

Material Unlisted Indian Subsidiaries:

A subsidiary shall be considered as “material unlisted Indian subsidiary” if it is an unlisted subsidiary, incorporated in India, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Company shall, at the end of every financial year, determine whether each of its subsidiary falls under the criteria for Material Subsidiary and Material Unlisted Subsidiaries defined above. In case any of the Subsidiary falls under such criteria, the same is to be reported to the Board for its noting at the first instance.

COMPLIANCES WITH RESPECT TO SUBSIDIARIES:

1. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary company.

The minutes of the Board meetings of the unlisted Subsidiary companies shall be placed at the Board meeting of Company.

COMPLIANCES WITH RESPECT TO MATERIAL SUBSIDIARIES:

1. The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution

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2. in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
“Control” for this purpose has the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
3. The Company shall not Sell, dispose and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without obtaining 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.

COMPLIANCES WITH RESPECT TO MATERIAL UNLISTED SUBSIDIARIES:

1. At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a Material Unlisted subsidiary whether incorporated in India or elsewhere.
2. The management of the Company shall, every quarter, bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements, if any entered into by the Subsidiary company.
3. The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report given by a company secretary in practice in every financial year.

COMPLIANCES BY STEP DOWN SUBSIDIARIES:

1. Where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

SCOPE AND LIMITATION:

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

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DISCLOSURES AND AMENDMENT:

- (a) The Compliance with the requirements of this policy is to be mentioned in the quarterly compliance report submitted to the stock exchanges.
- (b) The policy shall be disclosed on the website of the Company www.thomasscott.org and a web link thereto shall be provided in the Annual Report of the Company.
- (c) The Board of Directors or Committee so authorised for the purpose shall have the powers to review or amend any of the provisions of this Policy, substitute any of the provisions with a new provisions or replace this Policy entirely with a new Policy.
- (d) The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.
