

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **1. INTRODUCTION**

The Board of Directors of Indo Thai Securities Limited has adopted the “Policy for Determining Material Subsidiaries” with regard to determination of Material Subsidiaries. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective October 1, 2014. This Policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

### **2. OBJECTIVE**

The Policy for determining ‘material’ subsidiary companies has been framed in accordance with the provisions of clause 49(V) (D) of the Listing Agreement, as amended and effective from October 1, 2014.

The objective of this Policy is to fix the threshold for determining “material” subsidiaries and to provide a governance framework for such material subsidiaries.

### **3. DEFINITIONS**

**“Act”** means Companies Act, 2013 & rules made there under.

**“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013.

**“Board of Directors” or “Board”** means the Board of Directors of Indo Thai Securities Limited, as constituted from time to time.

**“Company”** means Indo Thai Securities Limited.

**“Holding Company”** in relation to one or more other Holding company means a company of which such companies are subsidiaries companies.

**“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 the Listing Agreement with the Stock Exchanges.

**“Material Non Listed Indian Subsidiary”** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

**“Policy”** means Policy on Material Subsidiary, as amended from time to time.

**“Subsidiary”** shall mean a subsidiary as defined under the Act and Rules made there under. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

**“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

#### 4. IDENTIFICATION OF ‘MATERIAL’ SUBSIDIARY

A subsidiary shall be considered as material if –

- a. 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
- b. if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

## **5. GOVERNANCE FRAMEWORK TO SUBSIDIARY COMPANIES**

- a. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a material non-listed Indian Subsidiary Company.
- b. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
- c. The minutes of the Board meetings of the Unlisted Subsidiary Company shall be placed at the Board meeting of the Company
- d. The management shall periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions & arrangements entered into by the Unlisted Subsidiary Company;
- e. Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void except provided in the Act.

## **6. DISPOSAL OF MATERIAL SUBSIDIARY**

The Company without obtaining prior approval of the shareholders by passing Special Resolution shall not;

- a. 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 except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- b. Selling, disposing and leasing of assets amounting to more than 20% 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.

## 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, based on the recommendations of the Audit Committee.

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 Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## 9. DISCLOSURES

This policy shall be disclosed on the Company's website at [www.indothai.co.in](http://www.indothai.co.in) and a web link thereto shall be provided in the annual report of the Company.

**Note:** The above Policy is approved and adopted in the meeting of the Board of Directors held on 9th August, 2014.

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