



## TCNS CLOTHING CO. LIMITED

### POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

[Pursuant to Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**Effective Date:** 2<sup>nd</sup> February 2018 and amended on 8<sup>th</sup> February 2019

#### I. INTRODUCTION

The Board of Directors (“**Board**”) of TCNS Clothing Co. Limited (“**Company**”) has adopted this policy for determining, *inter-alia*, ‘**material**’ subsidiaries of the Company and to provide a governance framework for such subsidiaries.

This policy is primarily framed in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any amendments thereof) and is primarily intended to ensure compliance with the LODR and other laws applicable to the Company.

#### II. DEFINITIONS

“**Act**” shall mean the (Indian) Companies Act, 2013, including any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent notified, and the (Indian) Companies Act, 1956 any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent applicable and in force.

“**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and the Act, as may be amended from time to time.

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

“**Independent Director**” means an independent director referred to in Section 149(6) of the Act and Listing Regulations.

“**LODR**” or “Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended and modified from time to time.

“**Listed Company**” or “**the Company**” means TCNS Clothing Co. Limited.

“**Material Subsidiary**” a subsidiary shall be considered as ‘material Subsidiary’ whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

However for the purpose of Regulation 24(1) of Listing Regulations the term “**Material subsidiary**” shall mean unlisted subsidiary, whose income or net worth exceeds 20% (twenty per cent) of the consolidated income or net worth respectively, of the listed company and its subsidiaries in the immediately preceding accounting year.



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“**Significant transaction or arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten per cent) 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.

“**Subsidiary Company**” or “**Subsidiary**” shall have the same meaning as defined in section 2(77) of the Act.

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

### III. POLICY

(a) Identification

(i) Identification of **material** subsidiary company

A subsidiary company shall be considered as material whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

(ii) Identification of **material** subsidiary for the purpose of **Regulation 24(1) of Listing Regulations**

A subsidiary shall be considered to be a material subsidiary if it is an subsidiary, incorporated in India, whose income or net worth exceeds 20% (twenty per cent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

(b) Compliances with respect to subsidiary companies (including material subsidiary companies)

(i) The Audit Committee shall review the financial statements of all subsidiary companies and, in particular, the investments made by the unlisted subsidiary companies.

(ii) The minutes of the Board meetings of the unlisted subsidiary companies shall be placed at the board meeting of the Company. 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 companies.

(iii) The Company shall disclose all events or information to the Stock exchanges as covered under Regulation 30 of Listing Regulations with respect to material subsidiaries

(iv) 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% (fifty per cent) or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in cases where



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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.

- (v) Selling, disposing and leasing of assets amounting to more than 20%(twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company 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.

- (c) Compliances with respect to unlisted material subsidiary companies covered under Regulation 24(1) of Listing Regulations

At least 1 (one) independent director on the Board of Directors of the Company shall be a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not.

#### IV. DISCLOSURES

This Policy shall be disclosed on the Company`s website and a web link thereto shall be provided in the Annual Report of the Company.

#### V. AMENDMENT

This policy shall be subject to review and changes as may be deemed necessary by the Board, from time to time to comply with the regulatory requirements.

#### VI. 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.