



TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. Office : G-3, Old No. 28A, New No. 67, Eldams Road, Alwarpet, Chennai-600018.

Website : www.tcms.bz, **E-mail :** investors@tcms.bz, **Tel. :** 044-24330006, **Fax :** 044-24328252

CIN : L74210TN1986PLC012791

POLICY ON MATERIAL SUBSIDIARY COMPANIES

(On the recommendation of Audit Committee, approved by the Board of Directors at its meeting held on 10TH JUNE 2015.)

BACKGROUND

TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED (hereinafter referred as the 'Company') believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour and, in complete compliance of laws.

OBJECTIVE

Determination of 'Material Subsidiaries' of the Company.

AUTHORITY TO DRAFT, AMEND AND IMPLEMENT

The Policy for Material Subsidiary companies shall be laid out by the Audit Committee and approved by the Board of Directors.

DEFINITIONS

AS PRESCRIBED IN THE COMPANIES ACT, 2013, RELATED RULES AND CLAUSE 49 OF THE LISTING AGREEMENT AS MAY BE AMENDED FROM TIME TO TIME

Subsidiary Company:

Subsidiary in relation to any other company (that is to say holding company), means a company in which the holding company-

- (i) controls the composition of the Board; or
- (ii) Exercises or controls more than one half of the total share capital 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.

For the purposes of this clause-

- (a) a company shall be deemed to be a subsidiary company of holding company even if the control referred to in sub clause (i) or (ii) is of another subsidiary of the holding company;



Corporate Office : Grease House, Zakaria Bunder Road, Sewri West, Mumbai-400015.
Tel. : 022-24156538 / 24156539, **Fax :** 022-24115260



TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. Office : G-3, Old No. 28A, New No. 67, Eldams Road, Alwarpet, Chennai-600018.

Website : www.tcms.bz, **E-mail :** investors@tcms.bz, **Tel. :** 044-24330006, **Fax :** 044-24328252

CIN : L74210TN1986PLC012791

::2::

(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 directors;

(c) the expression "company" includes anybody corporate;

(d) "Layer" in relation to a holding company means its subsidiary or subsidiaries.

The expression "total share capital" means, the aggregate of the:

(a) paid-up equity share capital; and

(b) convertible preference share capital.

The term "control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

Material Subsidiary:

A subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds twenty percent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty percent of the consolidated income of the Company during the previous financial year. **Material Non Listed Indian Subsidiary:** 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% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. **Significant Transaction or Arrangement:** 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.

COMPLIANCES

1. 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.



Corporate Office : Grease House, Zakaria Bunder Road, Sewri West, Mumbai-400015.
Tel. : 022-24156538 / 24156539, **Fax :** 022-24115260



TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. Office : G-3, Old No. 28A, New No. 67, Eldams Road, Alwarpet, Chennai-600018.

Website : www.tcms.bz, **E-mail :** investors@tcms.bz, **Tel. :** 044-24330006, **Fax :** 044-24328252

CIN : L74210TN1986PLC012791

::3::

2. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
3. The minutes of the Board meetings of the Unlisted Subsidiary Company shall be placed at the Board meeting of the Company.
4. The management should 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 Company.
5. If the Company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

DISCLOSURES

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

APPROVALS

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 in its General Meeting.
2. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary shall require prior approval of shareholders by way of special resolution.

GUIDING PRINCIPLES

1. All the applicable provisions of laws, as amended from time to time, shall be complied with in letter and spirit in implementing this Policy.
2. "Material Subsidiary" of the Company shall be identified as one time exercise to be done during each Financial Year and the outcome of such exercise shall be placed before the Audit Committee and the Board of Directors of the Company.
3. The proposal(s) for disposal of shares and/or selling/disposing/leasing of assets of the Material Subsidiary shall be considered and approved in the following manner:



Corporate Office : Grease House, Zakaria Bunder Road, Sewri West, Mumbai-400015.

Tel. : 022-24156538 / 24156539, **Fax :** 022-24115260



TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. Office : G-3, Old No. 28A, New No. 67, Eldams Road, Alwarpet, Chennai-600018.

Website : www.tcms.bz, **E-mail :** investors@tcms.bz, **Tel. :** 044-24330006, **Fax :** 044-24328252

CIN : L74210TN1986PLC012791

- a. Valuation of the shares/assets of Material Subsidiary shall be done by a Registered Valuer or by an independent merchant banker registered with Securities and Exchange Board of India or by an independent chartered accountant in practice with minimum ten years of experience or as may be permitted by the Central Government.
- b. The proposal shall be considered by the Audit Committee and the Board of the Company and the relevant subsidiary and decision shall be taken in terms of the provisions of the clause 49 of the Listing Agreement and Companies Act 2013 and relevant Rule/s, as applicable, and as may be amended from time to time.
- c. Where the disposal of the shares or selling/ disposing/leasing of assets of Material Subsidiary are triggering the limits laid down, the proposal after being approved by the Audit Committee and the Board shall be placed before the shareholders of the Company and the relevant subsidiary, as applicable, in a general meeting or through postal ballot in terms of the provisions of the clause 49 of the Listing agreement and the Companies Act, 2013 and relevant Rule/s for seeking approval/s of such shareholders by way of passing special resolution/s, as applicable.
- d. Only on receipt of the necessary approvals, herein, that the disposal of the shares or selling/ disposing/ leasing of assets of the Material Subsidiary shall be done.
- e. Necessary reporting shall be done in the Audit Committee and the Board meetings of all the concerned companies.
- f. Stock Exchanges shall be duly intimated, if and as and when applicable.

BY ORDER OF THE BOARD

COMPANY SECRETARY



Corporate Office : Grease House, Zakaria Bunder Road, Sewri West, Mumbai-400015.
Tel. : 022-24156538 / 24156539, **Fax :** 022-24115260