



# **THERMAX LIMITED**

## **POLICY ON MATERIAL SUBSIDIARIES**

## **Policy on Material Subsidiaries**

### **1. INTRODUCTION**

The Board of Directors of the Company has adopted the following policy and procedures with regard to determination of “material” subsidiaries as defined below. The Board may review and amend this policy from time-to- time.

### **2. POLICY OBJECTIVE**

The objective of the policy is to determine the “material” subsidiaries of the Company and to provide the governance framework for such subsidiaries.

### **3. POLICY**

- i) A “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth, respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- ii) 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 subsidiary, whether incorporated in India or not
- Explanation-For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

The audit committee of the company shall also review the financial statements, in particular, the investments made by the material subsidiary company.

- iii) The minutes of the Board meetings of the material subsidiary companies shall be placed at the Board meeting of the company.
- iv) The CFO 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.

For the purpose of this regulation significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

- v) The CFO shall present to the audit committee annually the list of such material subsidiaries together with the details of the materiality defined herein. The audit committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of independent director in the material subsidiary.

#### 4. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the approval of the members by special resolution in its general meeting, shall not:

- (a) Dispose shares in material subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty per cent); or ceases the exercise of control over the subsidiary without passing a special resolution in its General Meeting. The exception has been granted for divestment under a scheme of arrangement duly approved by a court/ tribunal.
- (b) Selling, disposing and leasing of assets amounting to more than twenty percent {20%} of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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

#### 5. SECRETARIAL AUDIT

Every listed entity 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 such form as may be specified with effect from the year ended March 31, 2019.

#### 6. DISCLOSURES

The Company shall disclose the policy on the Company's website and a web link thereto shall be provided in the annual report. This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

This policy shall be applicable to the Company with effect from October 27, 2015 and amendments made thereto shall be effective from the date of approval of the Board or Audit and Risk Management Committee of the Company.

<b>Version control</b>		
<b>Owner of document: Corporate Secretarial</b>		
<b>Particulars</b>	<b>Approved by</b>	<b>Approved on</b>
Adopted	Board of Directors	May 22, 2019