



## **Policy on Material Subsidiaries**

### **Introduction**

The Board of Directors (the “Board”) of Valiant Communications Limited (the “Company”) has adopted the following policy and procedures with regard to determination of material subsidiaries, in line with the requirements of Revised Clause 49 of the Listing Agreement on Corporate Governance (hereinafter referred to as Cl. 49”).

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

The Board will review and may amend this policy from time to time.

### **Definitions**

“Control” includes 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; provided that a Director or Officer of a target Company shall not be considered to be in control over such target Company, merely by virtue of holding such position

“Material Subsidiary” is a subsidiary that satisfies any of the following conditions:

- a) In which the investment/ proposed investment of the Company exceeds twenty per cent of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- b) which has generated twenty per cent of the consolidated income of the Company during the previous financial year.

“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 twenty per cent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent 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.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder, as amended from time to time.

### **Policy on Material, Unlisted Subsidiaries**

The Board of Directors of the Company shall exercise the following control in respect of the Unlisted Subsidiaries of the Company:

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 of the Company.
2. The Audit Committee of the Board of the Company shall review the annual as well as the quarterly/ half yearly financial statements, if applicable, in particular, the investments made by the Unlisted Subsidiary Companies of the Company.
3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies of the Company shall be placed before the Board of the Company on a quarterly basis.
4. The Management shall on a quarterly basis, 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.
5. The Management shall present to the Audit Committee annually, the list of the subsidiaries of the Company, 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 an Independent Director in the Material Non-Listed Indian Subsidiary.

### **Disposal of Material Subsidiaries**

The Company shall not:

1. dispose of shares in any of 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 any of its Material Subsidiary without passing a Special Resolution in its General Meeting, except in cases where such divestment is made under a Scheme of Arrangement duly approved by a Court/ Tribunal; or
2. sell, dispose or lease the assets amounting to more than twenty percent of the assets of any 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.

### **Disclosures**

This policy for determining Material Subsidiaries shall be disclosed on the website of the Company at [www.valiantcom.com](http://www.valiantcom.com) and a web link thereto shall be provided in the Annual Report of the Company.

### **Applicability**

This policy will be applicable to the Company with effect from 01st October, 2014.