

SAMTEL INDIA LIMITED

Policy on Determining Material Subsidiaries of Samtel India Limited

1. INTRODUCTION:

The Board of Directors (“Board”) of Samtel India Limited (“Company”) has adopted the following policy with respect to the determination of Material Subsidiaries. This Policy has been formulated in accordance with the provisions of Listing Obligations and Disclosure Requirements (LODR) Regulations and Listing Agreement with the Stock Exchanges.

2. COMMENCEMENT DATE:

The policy shall come into effect from the date of approval by the Board of Directors i.e. 13th February, 2016.

3. OBJECTIVE Pessimistic

3.01 The Policy is framed pursuant to the Provisions of Listing Obligations and Disclosure Requirements (LODR) Regulations and Listing Agreement (including amendments made thereto) effective from 13.02.2016 and intended to ensure governance of the Material subsidiary Companies.

3.02 The Board of Directors of SAMTEL INDIA LIMITED (the “Company”/SAMTEL) is obliged to formulate a policy for determining “material subsidiaries” to comply with the requirements of LODR & Listing Agreement for such material subsidiaries.

4. DEFINITIONS

A. “Act” means Companies Act, 2013 & Rules made thereunder.

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

C. “Subsidiary Company” in relation to any other company (that is to say the holding company), means a company in which the holding company

i Controls the composition of the Board of Directors; 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;

Explanation- For the purpose of this definition,-

- a. A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in clause (i) or (ii) above is of another subsidiary company of the holding company;
 - 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 the directors;
 - c. The expression "company" includes anybody corporate;
 - d. "layer" in relation to a holding company means its subsidiary or subsidiaries
- D "Material non-listed Indian subsidiary" means an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.
- E "Significant transaction or arrangement" means 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.
- F "Audit Committee" means the committee formed under Section 177 of the Companies Act, 2013.

5. **CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARY**

A subsidiary shall be considered material

- a) If the investment of the company in the subsidiary exceeds 20% of the consolidated net Worth as per the audited balance sheet of the previous financial year or
- b) If the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.

6. **COMPLIANCE TO THE REGULATOIRY**

SAMTEL shall aim to seek complete compliance to the provisions of LODR, the Listing Agreement and Companies Act 2013 (as amended time to time).The provisions pertaining the material subsidiary are annexed as Annexure -1 of this Policy.

7. **AMENDMENT**

The Board of Directors may review or amend this policy, in whole or in part, from time to time as per the requirement of the Act or any other statute.

8. **INTERPRETATION**

Any word used in this policy but not defined herein shall have same meaning ascribed in the Companies Act, 2013 or Rules made there-under, SEBI Act, Rules & Regulations made there-under, Listing Agreement or any other relevant legislation /law applicable to the Company.

9. **DISCLOSURES**

The material subsidiaries policy shall be disclosed on the Company's web site & a web link thereto shall be provided in its Annual Report.

ANNEXURE -I

Regulatory Provisions on Material Subsidiary Companies

- 1) The management shall periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company.
- 2) 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 non listed Indian subsidiary company
- 3) 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 except in cases where such divestment is made under a scheme of arrangement duly approved by a court/ Tribunal;
- 4) The company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year unless prior approval of shareholders by way of special resolution in its General Meeting is obtained except in case the sale/disposal/lease is made under a scheme of arrangement duly approved by a court/Tribunal).