

Policy on Determination of Material Subsidiaries

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1 INTRODUCTION

The Board of Directors (the "**Board**") of **CommTel Networks Limited** (formerly known as "CommTel Networks Private Limited") (the "**Company**"), has adopted this policy for determination of "Material Subsidiaries". The Board may review and amend this policy from time to time. This Policy is formulated in compliance with the requirements of Regulation 16 (1)(c) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations, 2015**").

The primary objective of this policy is to determine material subsidiaries of the Company.

The Policy is to determine the material subsidiaries of the Company and to provide a corporate governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of Regulation 16(1)(c) of the Listing Regulations.

2 DEFINITIONS

- ☞ "**Act**" means the Companies Act, 2013, and all rules, regulations, notifications and circulars made/ issued thereunder, as amended, from time to time.
- ☞ "**Audit Committee**" or "Committee" means Audit Committee constituted by the Board of Directors of the Company.
- ☞ "**Board of Directors**" or "Board" means the Board of Directors of Company, as constituted from time to time.
- ☞ "**Company**" means CommTel Networks Limited (formerly known as "CommTel Networks Private Limited").
- ☞ "**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- ☞ "**Independent Director**" means an Independent Director referred to in section 149(6) of the Companies Act, 2013, and Regulation 16(b) of the Listing Regulations, 2015.
- ☞ "**Management**" means the Senior Management and Key Managerial Personnel of Company.
- ☞ "**Policy**" means this policy on Material Subsidiaries.
- ☞ "**Insolvency Code**" shall mean Insolvency and Bankruptcy Code, 2016.

- ☞ **"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 unlisted subsidiary for the immediately preceding accounting year.
- ☞ **"Material Subsidiary"** shall mean a subsidiary, whose turnover or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year unless otherwise specified.
- ☞ **"Subsidiary"** means subsidiary company as defined under section 2(87) of the Companies Act, 2013 and the rules made thereunder.
- ☞ **"Unlisted Subsidiary"** shall mean a Subsidiary of the Company whose shares are not listed on any recognized stock exchange in India.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the Listing Regulations, 2015, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Companies Act, 2013 and rules and regulations made thereunder.

3 REQUIREMENTS WITH RESPECT TO SUBSIDIARY OF COMPANY

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary.
2. The minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed at the meeting of the Board of Directors of the Company.
3. The management of the unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions or Arrangements entered into by the unlisted Subsidiary.
4. The management shall present to the Audit Committee periodically, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
5. At least 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.

For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of the Listing Regulations, 2015, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

6. The Company shall not without the prior approval of the shareholders of the Company by way of special resolution:
- Dispose of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the Material Subsidiary except in cases where 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 and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
 - Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary 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 and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- Nothing contained in this clause 7(1)(b) shall be applicable if such sale, disposal or lease of assets is between two wholly owned Subsidiaries of the Company.
7. Every unlisted Material Subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with its annual report of the Company.

4 AMENDMENTS TO THE POLICY

The Board of Directors on its own can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

5 INTERPRETATION

In case of any conflict between the provisions of this Policy and of statutory provisions, the statutory provisions shall prevail over this Policy. Any subsequent amendment/ modification in the statutory provisions shall automatically apply to this Policy.