



Policy for Determining “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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as “SEBI Listing Regulations”).

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 as defined by that satisfies any of the following conditions:

- a) In which the investment/ proposed investment of the Company exceeds ten 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 ten per cent of the consolidated income of the Company during the previous financial 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 Unlisted Subsidiary of the Company in accordance with the provisions of Regulation 24(1) of the “Listing Regulations”;

Explanation: Notwithstanding anything stated in definitions provided above, “Material Unlisted Subsidiary” shall mean an unlisted subsidiary, whether incorporated in India or not, 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 as referred in Regulation 24(1) of the “Listing Regulations”.

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 under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges with one day of the resolution plan being approved;

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 or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges with one day of the resolution plan being approved;
- 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.

Overriding Impact

This policy or any other relevant policy adopted by the Board/ Committee of the Company, shall be subject to the statutory provisions of Companies Act, 2013 and rules made thereunder, Listing Agreement, rules and regulations (including “Listing Regulations”) notified by the Securities Exchange Board of India. In case of any conflict, statutory provisions shall supersede over this policy.

Disclosures

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

Amendment

This policy will be reviewed by the Board of Directors of the Company or by any of its Committee (as may be authorized by the Board of Directors in this regard) as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company or its Committee. The Board of Directors or its Committee (as may be authorized by the Board of Directors in this regard) shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board of Directors in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Applicability

This policy will be in suppression of earlier policy in this regard and shall be applicable to the Company with effect from 01st April 2019.
