

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

*[Pursuant to Clause 49(V) (D) of the Listing Agreement]*

### **Adopted by the Board of Directors of Next Mediaworks Limited at their Meeting held on 23<sup>rd</sup> January, 2015**

#### **1. Purpose**

1.1 The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof, as required under revised Clause 49 (V) (D) of the Listing Agreement (including any amendments thereof).

#### **2. Objective**

2.1 The objective of this Policy is to determine -

i) Meaning of 'Material' Subsidiary

ii) Requirement of Independent Director in certain Material Non Listed Indian Subsidiaries

iii) Restriction on disposal of Shares of a Material Subsidiary by the Company

iv) Restriction on transfer of Assets of a Material Subsidiary and

v) Disclosure requirements, based on revised Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

#### **3. Definitions**

“Company” means **Next Mediaworks Limited**.

“Control” shall include 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 shareholder agreements or voting agreements or in any other manner.

“Material Subsidiary” Is a subsidiary in which:

- Investment by the Company exceeds twenty percent (20%) of the consolidated net worth as per the audited balance sheet of the previous financial year or
- If the subsidiary has generated twenty percent (20%) of the consolidated income of the Company during the previous financial year.

**“Material Non-Listed Indian Subsidiary”** Is an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up share capital and free reserves) exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

#### **“Significant Transaction or Arrangement”**

Is any individual transaction or arrangement that exceeds or is likely to exceed ten percent (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.

**“Subsidiary”** shall mean as defined under the Companies Act, 2013 and the Rules made thereunder. Where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

Any other term not defined herein, shall have the same meaning ascribed to it, as defined under Companies Act, 2013 or the Rules framed thereunder, the Listing Agreement, Act, Rules and Regulations framed by the Securities Exchange Board of India or any other relevant legislation / regulation applicable to the Company.

#### **4. Independent Director on the Board of a Material Non Listed Indian Subsidiary**

4.1 At least one Independent Director on the Board of the Company shall be a director on the Board of a Material Non Listed Indian Subsidiary.

4.2 The Company may also appoint Independent Director(s) on the Board of an overseas subsidiary company, as they may deem necessary.

#### **5. Significant Transactions / Arrangements of a Non Listed Material Subsidiary**

5.1 The management should periodically bring to the attention of the Board of the Company, a Statement of all Significant Transactions and Arrangements entered into by any Unlisted Material Subsidiary Company.

#### **6. Restrictions on Disposal of Shares of a Material Subsidiary**

6.1 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 fifty percent (50%) or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting, except in such cases where divestment is under a scheme of arrangement, duly approved by a Court / Tribunal

## **7. Restriction on Transfer of Assets of a Material Subsidiary**

7.1 Selling, disposing and leasing of Assets, amounting to more than twenty percent (20%) of the Assets of a Material Subsidiary on an aggregate basis during a financial year, shall require prior approval of shareholders of the Company by way of Special Resolution, unless the sale / disposal / lease is made under a scheme of arrangement, duly approved by a Court / Tribunal.

## **8. Disclosures**

8.1 As prescribed under the revised Clause 49(V)(D) of the Listing Agreement, this Policy shall be disclosed in the Company's website and a web link thereto shall be provided in the Annual Report.

## **9. Review of the Policy**

9.1 This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.