

MAHANAGAR TELEPHONE NIGAM LIMITED

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES

1. Scope and Purpose of Policy

Clause 49(V) (d) of Listing Agreement requires a Company to formulate a policy for determining "Material Subsidiaries" and such policies shall be disclosed on a Company Website and Web link thereto shall be provided in the Annual Report. In light of the above, MTNL has framed this policy as Material Subsidiaries of MTNL ("Policy"). This policy has been adopted by the Board of Directors based on recommendations of Audit Committee. Going forward, the Audit Committee would review and amend the policy, as and when required, subject to the approval of the Board.

2. Definitions

"Audit Committee" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and the Listing Agreement with the stock exchanges.

"Board of Directors" or Board means the Board of Directors of MTNL, as constituted from time to time.

"Company" means a Company as defined under section 2(20) of the Companies Act, 2013 .

"Independent Director" means a director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Agreement with the stock exchanges. The definition of Independent Director is given in Section 149(6) of Companies Act, 2013.

"Policy" means Policy on Material Subsidiary.

"Material Non Listed Indian Subsidiary" mean an Unlisted Subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Listed holding company and its subsidiaries in the immediately preceding accounting year.



एस. आर. स्याल
S. R. SAYAL

कम्पनी सचिव / Company Secretary

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“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.

“Transaction” shall be construed to include single transaction or a group of transactions in a contract.

“Subsidiary” shall mean a subsidiary as defined under Section 2(87) of Companies Act, 2013.

3. Policy

I. A subsidiary shall be a Material non-listed Indian Subsidiary, if any of the following conditions are satisfied:

- a) A company, in which the investment of the Company or the proposed investments, exceeds 20% of its consolidated net worth (i.e. paid up capital and free reserves) as per the audited balance sheet of the immediately preceding accounting year; or
- b) This has generated 20% of the consolidated income of the Company during the immediately preceding accounting year.

II. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

III. The Audit Committee of the Board of the Company shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary Company on an annual basis.

IV. The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary Company shall be placed before the Board of the Company on a quarterly basis.



- V. 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 Company.
- VI. The Management shall present to the Audit Committee annually the list of such Subsidiaries 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 Independent Director in the Material Non-Listed Indian Subsidiary Company.
- VII. MTNL 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 disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- VIII. Selling, disposing and leasing of assets by MTNL amounting to more than twenty percent of its assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of Shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

4. Disclosure

This Policy on determining Material Subsidiary shall be disclosed to the Stock Exchange and also on the website of the Company (www.mtnl.net.in) and a web link thereto shall be provided in the Annual Report of the Company.



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