

ORTEL COMMUNICATIONS LIMITED
(CIN: U74899DL1995PLC069353)

(Approved by Board of Directors in its Meeting held on 19 February,2015)

POLICY FOR DETERMINING ‘MATERIAL’ SUBSIDIARIES

1. Preface:

Policy for determining ‘material’ subsidiaries (“the Policy”) has been formulated in accordance to Clause 49 of the Listing Agreement with the Stock Exchanges.

2. Definitions:

The definitions of some of the key terms used in this Policy are given below.

A. “**subsidiary company**” or “**subsidiary**”, 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 on its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause

(a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) 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 any body corporate;

(d) “layer” in relation to a holding company means its subsidiary or subsidiaries.

B. Material Subsidiary: A subsidiary shall be considered as 'material' if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

C Material Non-listed Indian Subsidiary: The term material non-listed Indian subsidiary shall 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.

3. Process

If any subsidiary is found to be 'material', the company should comply the followings:

(a) Based on its audited consolidated balance sheet, in each financial year the company would identify the subsidiaries which would get covered under the definition of material subsidiary and material non listed Indian subsidiary.

(b) The company will 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 under a scheme of arrangement duly approved by a Court/Tribunal.

(c) The Company would take require prior approval of shareholders by way of special resolution before selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on a aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

(d) The Company would ensure, that at least one of its independent Director would also be a director on the Board of directors of a material non-listed Indian subsidiary Company

4. Amendment

The Board may amend or modify this Policy in whole or in part, from time to time

Certified True Copy

Lalit Kumar Mohanty

Company Secretary