

MODERN INDIA LIMITED

POLICY ON MATERIAL SUBSIDIARY

The Board of Directors (the Board) of Modern India Limited (the Company) has adopted the following policy and procedure with regard to determination of Material Subsidiaries as defined below.

This policy will be applicable to the Company with effect from 01.10.2014 as per the requirement of clause 49(V)(D) of the Listing Agreement with the Bombay Stock Exchange Limited.

OBJECTIVE

The Objective is to define the Material Subsidiary of Modern India Limited and to provide good corporate governance framework for such Subsidiary.

MEANING OF MATERIAL SUBSIDIARY

A Subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- A. In which the investment of the Company exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year, or
- B. Which has generated 20% of the consolidated income of the Company during the previous financial year

DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the Members of the Company by special resolution or a resolution with majority as may be prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges, shall not :

- a) Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) Ceases the exercise of control over the Material Subsidiary; or
- c) Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during an accounting year;

Except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court / Tribunal.

DISCLOSURES

The Material Subsidiary Policy shall be disclosed on the Company's website and web link thereto shall be provided in the Annual Report

AMENDMENT

The Board may review and amend this policy from time to time as per the applicable law.