

MODERN INDIA LIMITED

POLICY ON MATERIAL SUBSIDIARY

REGULATORY FRAMEWORK

This policy (“**Policy**”) of Modern India Limited (“**Company**”) has been prepared and adopted in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”) read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and Companies Act, 2013 (“**Act**”) read with the Companies (Amendment) Act, 2017 along with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

Regulation 16 (1) (c) of SEBI LODR requires the Company to formulate a policy for determining ‘material’ subsidiary and Regulation 46(2)(h) of SEBI LODR requires the Company to publish such policy on its website.

The Audit Committee shall review the policy periodically and may amend the same from time to time, as may be deemed necessary.

DEFINITIONS

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and regulation 18 of SEBI LODR.

“**Independent director**” means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for Independence in accordance with section 149 the Act and regulation 16(1) (b) of SEBI LODR.

“**Significant transaction or arrangement**” means 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 unlisted subsidiary for the immediately preceding accounting year.

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

Pursuant to Regulation 16 of SEBI (LODR) (Amendment) Regulation 2018 “**Material Subsidiary**” means a subsidiary, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

REQUIREMENT OF INDEPENDENT DIRECTOR IN CERTAIN UNLISTED MATERIAL SUBSIDIARIES

Pursuant to Regulation 24 of SEBI (LODR) (Amendment) Regulation 2018 which states that At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16, the term “**material subsidiary**” means a subsidiary, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting 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