

**PARAMOUNT COMMUNICATIONS LIMITED**

**POLICY ON DETERMINING “MATERIAL SUBSIDIARIES”**

**LEGAL FRAMEWORK**

Explanation to regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) requires every listed company to formulate a policy for determining a “material” subsidiary and Regulation 46(2)(h) of the Listing Regulations requires each listed company to publish such policy under a separate section on its website.

This policy for determining a material subsidiary (“**Policy**”) of Paramount Communications Limited (the “**Company**”) has been adopted, in accordance with the Listing Regulations. The Board of Directors of the Company may amend this policy from time to time provided such amendments are in line with the Listing Regulations.

**Purpose and objectives of the Policy:**

The objectives of the Policy are to:

- a) Lay down criteria to determine a subsidiary to be material.
- b) Ensure that the criteria for materiality are properly monitored.

**DEFINITIONS**

**1. “Act”**

Act means Companies Act, 2013 & rules made thereunder.

**2. “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 the Listing Regulations.

**3. “Holding Company”**

Holding company in relation to one or more other companies, means a company of which such companies are subsidiaries companies.

**4. “Subsidiary Company”**

shall be as defined under the Act and the rules made thereunder.

**5. “Material Unlisted Indian subsidiary”**

It shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.

**6. “Material subsidiary”**

shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

## 7. “Significant transaction or arrangement”

shall mean 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 unlisted subsidiary for the immediately preceding accounting year.

### Policy and Procedure

- a) At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- b) The Audit Committee shall also review the financial statements the investments made by the unlisted subsidiary of the Company.
- c) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- d) The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
- e) 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 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 made under a scheme of arrangement duly approved by Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- f) Selling, disposing and leasing of assets amounting to more than twenty percent of the 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 or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

### Disclosures

This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Board’s report.

### Amendment

Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.