

# **SPICE MOBILITY LIMITED**

## **Policy on Material Subsidiaries**

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(Effective from October 1, 2014)

## **POLICY ON MATERIAL SUBSIDIARIES**

### **Introduction**

The Board of Directors of Spice Mobility Limited has adopted this Policy upon the recommendation of the Audit Committee in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges which provides that all the listed companies shall formulate a policy for determining "Material Subsidiaries".

The Board of Directors of the Company may review and amend this Policy from time to time.

### **Policy Objective**

To determine the Material Subsidiaries of the Company and to provide governance framework for such subsidiaries.

### **Definitions**

- (i) "Audit Committee or Committee" means Audit Committee of the Board of Directors of the Company constituted under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.
- (ii) "Board of Directors" or "Board" means the Board of Directors of the Company.
- (iii) "Independent Director" means a director of the Company, who satisfies criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
- (iv) "Company" means Spice Mobility Limited (Formerly S Mobility Limited)., incorporated under the Companies Act, 1956
- (v) "Policy" means this Policy as amended from time to time .
- (vi) "Material Non Listed Indian Subsidiary" shall mean an unlisted subsidiary, incorporated in India and is not listed on the Indian Stock Exchanges whose income or net worth (i.e. capital and free reserves) exceeds 20% of the consolidated income or net worth respectively.
- (vii) "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 material unlisted subsidiary for the immediately preceding accounting year.
- (viii) "Subsidiary" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

## Policy

### 1. Determination of Material Subsidiary

A Subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

2. At least one Independent Director of the Company shall be appointed a director on the Board of the Material Non-Listed Indian Subsidiary Company.

3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed at the Board meetings of the Company on quarterly basis.

4. The management should 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 on quarterly basis.

5. In relation to the Material Non-Listed Subsidiary Company, the Audit Committee of the Company should review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.

### 6. Disposal of Material Subsidiary

The Company, without the prior approval of the shareholders by Special Resolution, shall not:

a) dispose shares in Material Subsidiaries 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 Subsidiary; or

c) sell, dispose or lease the assets to more than 20% of the assets of the material subsidiary in an accounting year

except in cases where such divestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

### 7. Disclosures

The Policy for determining material subsidiaries shall be disclosed on the website of the Company i.e. [www.spice-mobile.com](http://www.spice-mobile.com) and a weblink thereto shall be provided in the Annual Report of the Company.

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