

# NIIT LIMITED

Version 1.3

*Policy on determining  
Material Subsidiaries  
w.e.f. April 1, 2019*

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## 1. INTRODUCTION

The Company had initially introduced and implemented the Company's Policy on Determining Material Subsidiaries in accordance with Clause 49(III) of Listing Agreement executed between NIIT Limited ("the Company") and the Stock Exchanges. Thereafter, pursuant to introduction of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has revised its Policy for Determining Material Subsidiaries to align it with the provisions of Regulation 16(1) (c) of the Listing Regulations.

Pursuant to amendment in Listing Regulations, this revised and amended Policy has been adopted by the Board of Directors of the Company at its meeting held on January 24, 2019, based on the recommendations of the Audit Committee, effective April 1, 2019.

This Policy will supersede the Company's old Policy for Determining Material Subsidiaries which was adopted by the Board of Directors at its meeting held on January 16, 2015 and amended on July 26, 2016.

## 2. OBJECTIVE

The objective of this Policy is to determine any subsidiary as a material subsidiary of the Company and to provide a governance framework for such material subsidiary.

## 3. DEFINITIONS

**"Board of Directors"** or **"Board"** means the Board of Directors of NIIT Limited, as constituted from time to time.

**"Company"** means NIIT Limited.

**"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 under the Companies Act, 2013 ("the Act") and Listing Regulations.

**"Policy"** means this Policy for Determining Material Subsidiaries, as amended from time to time.

**"Subsidiary"** shall mean a subsidiary as defined under the Act and Rules made thereunder (as amended from time to time).

Any other term not defined herein shall have the same meaning as defined in the Act, Listing Regulations or any other applicable law or regulation.

#### 4. POLICY

##### MATERIAL SUBSIDIARY:

A subsidiary shall be considered as **Material Subsidiary** if:

- Income exceeds 10% of the consolidated income of the Company and its subsidiaries in immediately preceding accounting year; or
- Net worth exceeds 10% of the consolidated net worth of the Company and its subsidiaries in immediately preceding accounting year.

A list of all Material subsidiaries shall be presented to the Audit Committee and Board annually.

#### 5. GOVERNANCE FRAMEWORK

##### I. MATERIAL SUBSIDIARY

The Company shall not:-

- dispose shares in the material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary; or
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

without obtaining approval of shareholders by way of special resolution, except in cases where 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.

##### II. SECRETARIAL AUDIT

Every material unlisted subsidiary, incorporated in India, shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

##### III. APPOINTMENT OF INDEPENDENT DIRECTOR

At least one independent director of the Company shall be appointed as a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For this purpose, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

**6. REVIEW / AMENDMENT**

The Board may, subject to applicable laws, review and amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

**7. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Regulations/ the Act or any other statutory enactments, rules, the provisions of such Listing Regulations / the Act or statutory enactments, rules (as amended from time to time) shall prevail over this Policy. The provisions in the Policy would be modified in due course to make it consistent with statutory provisions/law.

**8. REPORTING AND DISCLOSURE**

In compliance to Regulation 46 (1) (h) of Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.