

Tata Communications Limited
‘MATERIAL SUBSIDIARY’ POLICY

1) SCOPE AND PURPOSE OF THE POLICY

Clause 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a Company to formulate a policy for determining ‘material’ subsidiaries of the Company.

In accordance with the above, this ‘Material Subsidiary’ Policy (“**Policy**”) is set out.

2) ABOUT THE COMPANY

Tata Communications Limited (“the Company”) offers international and national voice and data transmission services, selling and leasing of bandwidth on undersea cable systems, internet dial up and broadband services, and other value-added services comprising telepresence, managed hosting, mobile global roaming and signaling services, transponder lease, television uplinking and other services.

3) OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for considering a subsidiary as ‘material’ and; (b) The subsidiary oversight that the Company will have over its ‘material’ subsidiaries.

4) DEFINITIONS

- a) “**Act**”: Act means the Companies Act, 2013 and the rules made thereunder, including any modification(s) / amendment(s) / re-enactment(s) thereof.
- b) “**Listing Regulations**”: Listing Regulations mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modification(s) / amendment(s) / re-enactment(s) thereof.
- c) “**Subsidiary Company**”: Subsidiary Company shall be as defined in the Act.
- d) “**Material Subsidiary**”: 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.
- e) “**Significant transaction or arrangement**”: “Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

5) SEBI CORPORATE GOVERNANCE REQUIREMENTS FOR MATERIAL SUBSIDIARIES

In addition to the stipulated general oversight requirements for all subsidiaries, with respect to Material Subsidiary, the Listing Regulations prescribe the following:

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

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, 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.

- A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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 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.
- 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.
- Every listed entity and its material unlisted subsidiaries 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 with effect from the year ended March 31, 2019.

6) APPROVAL OF THIS POLICY

The Board of Directors of Tata Communications Limited has approved and adopted this ‘material subsidiary Policy’. The Board of Directors may, if thought fit, review and amend the Policy, as and when required.

In case of any clarifications required with respect to this policy, kindly contact Mr. Manish Sansi, Company Secretary at manish.sansi@tatacommunications.com.

March 29, 2019