

PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

Regd. Office: "Birla Building", 9/1, R. N. Mukherjee Road, Kolkata- 700001

Phone: 033 3057 3700/ 3041 0900

E-mail: pilaniinvestment1@gmail.com, Website: www.pilaniinvestment.com

CIN: L24131WB1948PLC095302

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Preamble

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement, as amended and effective from October 1, 2014.

2. Objectives

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

3. Definitions

"Audit Committee" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and the Listing Agreement.

"Board of Directors" or **"Board"** means the Board of Directors of Pilani Investment and Industries Corporation Limited, as constituted from time to time.

"Company" means Pilani Investment and Industries Corporation 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 and the Listing Agreement with the Stock Exchanges.

"Policy" means this Policy, as amended from time to time.

"Material Non-Listed Indian Subsidiary" mean a Material Subsidiary which is incorporated in India and which is not listed on any of the Indian Stock exchanges.

"Subsidiary" shall mean a subsidiary as defined under the Act and Rules made there under.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

4. Identification of 'Material' subsidiary:

A subsidiary shall be considered as material if –

- a. the investment of the Company, whether current or prospective, in the subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or,



- b. if the subsidiary has generated 20 per cent of the consolidated income of the company during the previous financial year.

Material non-listed Indian subsidiary□ shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

5. Governance Framework

- a. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- b. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.
- c. The Minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed before the Board of the Company on an annual basis.
- d. The management shall on an annual basis 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.
- e. The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.
- f. The Company, without the prior approval of the members 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 :
- i) Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
 - ii) Ceases the exercise of control over the Material Subsidiary; or
 - iii) 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.

6. Dissemination of Policy

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

7. Amendment

The Board may, subject to applicable laws 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.

.....

