

**PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED**

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**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

**1. Preamble**

The Policy for determining Material Subsidiary has been framed in accordance with the provisions of Regulation 16 (1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (hereinafter referred to as the "Listing Regulations").

**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 Regulations.

**"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 Regulations with the Stock Exchanges.

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

**"Material Unlisted 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 Companies Act , 2013 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 Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

**4. Identification of Material Subsidiary:**

**"Material Subsidiary"** shall mean a Subsidiary:

- ❖ Whose income exceeds 10 % (ten percent) of the Consolidated Income; or
  - ❖ Whose net worth exceeds 10 % (ten percent) of the Consolidated Net Worth;
- of the Company and its Subsidiaries in the immediately preceding accounting year.



## 5. Governance Framework

- a. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the Material Unlisted Subsidiary Company, whether incorporated in India or not.

(For this purpose, the term "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- b. The Audit Committee of the Company shall review the Financial Statements, in particular, the investments made by the Unlisted Subsidiary, on 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 of the Unlisted Subsidiary 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.

(For the purpose of this regulation, the term "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 Subsidiary for the immediately preceding accounting year.)

- e. The management of the Company 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 Unlisted Indian Subsidiary.
- f. The Company, without the prior approval of the members by special resolution at its General Meeting, shall not:
- i) Dispose of the 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% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year;

However, where a divestment/sale/disposal/lease is made under a Scheme of Arrangement duly approved by a Court/Tribunal, the aforesaid shall not apply.

## 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 implementation of the Policy shall be monitored by the Audit Committee of the Company from time to time. 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.

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