

**PNC INFRA TECH LIMITED**

***POLICY FOR DETERMINING  
MATERIAL SUBSIDIARIES***



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#### **1. Introduction**

In pursuance of the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter “LODR 2015”), the Company has formulated this policy for determining material subsidiary of the Company. The Board may review and amend this policy from time to time.

#### **2. Policy Objective**

The main objective of this Policy is to determine the Material Subsidiaries of PNC Infratech Limited and to provide the governance framework for such subsidiaries.

All the Words and expressions used in this Policy, unless defined herein, shall have meaning respectively assigned to them under the LODR 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

#### **3. DEFINITIONS**

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013.

“**Board of Director**” or “**Board**” means the Board of Directors of PNC Infratech Limited, as constituted from time to time.

“**Company**” means a company incorporated under the Companies Act, 2013 or under any previous company law.

“**Control**” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

“**Independent Director**” shall have the meaning given to it in the Companies Act, 2013 and Listing Regulations, 2015.

“**Listing Regulations**” shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (Listing Regulations), 2015].

“**Policy**” means Policy for determining Material Subsidiary.

**Material Subsidiary** means a subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth, respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“**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 unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

#### 4. Policy

1. One **Independent Director** of the Company shall be a director on the Board of the unlisted material subsidiary.

**Explanation:** 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 Company and its subsidiaries in the immediately preceding accounting year

2. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

4. The management shall on a quarterly 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 company.

5. 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 unlisted material subsidiary.

6. The Audit Committee of Board of the Company shall review the utilization of loans and/ or advances from/investment by the company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

#### 5. Disposal of Material Subsidiary

The Company, without the prior approval of the members 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 amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year.

#### 6. Disclosures

This “Policy on determining Material Subsidiaries” shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

**This Policy has been approved by the Board of Directors on 20.08.2014 and last revised on 13.02.2019. This Policy shall be displayed on the website of the Company.**

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