

# PURAVANKARA LIMITED

CIN: L45200KA1986PLC051571

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

*(Approved by Board of Directors on 14.11.2023)*

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## **1. Objective of the Policy**

This Policy seeks to lay down criteria for identification of 'material subsidiaries' and to formulate a governance framework for the subsidiaries of the Company.

## **2. Legal Framework**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") impose an obligation on the Board of Directors of listed companies under Regulation 16 read with Regulation 24 of the LODR Regulations to formulate a Policy on determining the material subsidiaries of listed entities.

This Policy is developed based on the regulatory requirement and is effective from << >>.

## **3. Scope and applicability of the Policy**

This Policy is applicable to the Company and all its subsidiaries, incorporated or acquired from time to time, whether incorporated in India or not.

## **4. Review and Amendments**

The Board may at any time, based on the recommendation of the Audit Committee, amend this Policy either pursuant to any changes in applicable regulations or otherwise. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s), etc. shall prevail over the provisions of this Policy.

## **5. Definitions**

5.1 **"Companies Act 2013"** means Companies Act, 2013 and Rules prescribed thereunder, including any statutory amendment or modification thereof.

5.2 **"Audit Committee"** means the Audit Committee of the Board which as on date complies with the provisions of Section 177 of Companies Act 2013 read with applicable Rules and Regulation 18 of the LODR Regulations.

5.3 **"Consolidated Income"** means the total income of the Company and its Subsidiaries.

5.4 **"Holding Company"** in relation to one or more other companies, means a company of which such companies are Subsidiary companies.

5.5 **"Independent Director"** means the Independent Director as defined under SEBI Regulations, as amended from time to time.

5.6 **"Net worth"** means the net worth as defined in Section 2(57) of the Companies Act 2013, computed based on the last audited financial statements of the Company.

5.7 **"Policy"** means this Policy on determining Material subsidiary.

5.8 **"Subsidiary"** means a Subsidiary Company as defined under the Companies Act 2013.

## **6. Policy Requirements**

### **6.1. Requirements in relation to material subsidiaries**

- a. A Subsidiary will be considered as a material subsidiary, if the total income or net worth of the subsidiary exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- b. The Board will appoint at least one Independent Director of the Company to be a Director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

Only for the purposes of this requirement, 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.

- c. All material unlisted subsidiaries of the Company incorporated in India, will undertake a secretarial audit by a company secretary in practice and submit the report to the Company each year, in such format as prescribed under the LODR Regulations from time to time. The Company will annex this report to its Annual Report each year.
- d. The Audit Committee shall annually review the list of material 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 / change of the Independent Director in the material subsidiary.

### **6.2. Requirements in relation to unlisted subsidiaries**

#### **Matters to be reviewed by the Board:**

- a. The minutes of the board meetings of the unlisted Subsidiaries shall be placed before the Board on a quarterly basis.
- b. A statement of all significant transactions or arrangements entered into by the unlisted Subsidiaries shall be presented to the Board by the management of the unlisted Subsidiary on a quarterly basis.

For the purpose of this requirement, the term '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.

#### **Matters to be reviewed by the Audit Committee:**

- a. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on a quarterly basis.
- b. The Audit Committee shall pre-approve related party transactions where the Subsidiary is a party, but the Company is not a party, if the value of the transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover of the Subsidiary (unless exempted under the SEBI Regulations).
- c. All material related party transactions of the Subsidiaries and subsequent material modifications, as defined under the Policy on related party transactions of the Company shall require prior shareholder approval through a resolution (unless exempted under applicable law).

The requirements in points (a) and (b) above are also applicable to related party transactions, where a listed Subsidiary is a party, but the Company is not a party, and Regulation 23 and Regulation 15(2) of SEBI Regulations are not applicable to such listed Subsidiary.

- d. The Audit Committee shall review the utilization of loans and/ or advances from/investment in the Subsidiary exceeding INR 100 Crores or 10% of the asset size of the Subsidiary, whichever is lower, including existing loans / advances / investments on a quarterly basis.

### **6.3 Disposal**

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 or equal to 50%; or
- b. cease the exercise of control over the subsidiary; or
- c. 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.

except in cases where such divestment or sale / disposal / leasing of assets (as applicable) is made under a scheme of arrangement duly approved by Court / Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2013 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

### **7. Reporting**

The Company shall disclose in its Annual Report, the details of this Policy.

### **8. Website Disclosures**

This Policy will be uploaded on the website of the Company and a web link where the Policy is disclosed shall be included in the Corporate Governance section of the Annual Report.