

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

**Parsvnath Developers Limited**

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**1. Introduction**

This Policy for Determining Material Subsidiaries (“**Policy**”) has been formulated pursuant to the requirement of ‘Explanation’ to Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and has been approved by the Board of Directors of Parsvnath Developers Limited (“**Company**”) in its meeting held on August 13, 2019. The Policy shall be effective from August 13, 2019 and shall substitute the previous Policy for determining Material Subsidiary framed in accordance with the provisions of Clause 49(V)(D) of the erstwhile Listing Agreement.

**2. Purpose**

This Policy aims to determine Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations 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**

“**Act**” means Companies Act, 2013 including any statutory modifications or re-enactments thereof.

“**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 collective body of the directors of the Company.

“**Company**” means Parsvnath Developers Limited.

“**Holding Company**” in relation to one or more other companies, means a company of which such companies are subsidiary companies. The expression “company” here includes any body corporate;

“**Independent Director**” means a director of the Company, as prescribed under Section 149 of the Companies Act, 2013 and the Listing Agreement.



“**Insolvency Code**” means the Insolvency and Bankruptcy Code, 2016 [No. 31 of 2016].

“**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

“**Significant Transaction or Arrangement**” means 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 company**” or “**subsidiary**”, in relation to any other company (that is to say the holding company), means a company in which the holding company -

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

#### **4. Material subsidiary**

Material Subsidiary means –

- A subsidiary, whose income or net worth exceeds 10 percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

However, for the purpose of the provisions of Regulation 24 of the Listing Regulations viz. ‘Corporate governance requirements with respect to subsidiary of listed entity’, the term “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

#### **5. Unlisted Material Indian Subsidiary Company**

A Material Subsidiary which is incorporated in India and not listed on the Stock Exchange(s).

#### **6. Governance framework**

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



- ii. The Audit Committee of Board of the Company shall review the Financial Statements, in particular, the Investments made by the Unlisted Subsidiary Company.
- iii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the meeting of Board of Directors of the Company.
- iv. The management shall periodically 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.
- v. A list of the subsidiaries shall be presented to the Audit Committee annually for its noting.

**7. Disposal of Material Subsidiary**

- i. The Company 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 50% 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 Stock Exchanges within one day of the resolution plan being approved.
- ii. Selling, disposing and leasing of assets amounting to more than 20% 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 Stock Exchanges within one day of the resolution plan being approved.

**8. Secretarial Audit**

Every Material Unlisted Subsidiary of the Company, 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.



**9. Disclosure**

This Policy shall be disclosed on the Company's website [www.parsvnath.com](http://www.parsvnath.com) and web link thereto shall be provided in the Annual report of the Company.

**10. Review/ Amendment**

This policy is framed pursuant to the provisions of the Companies Act 2013 and rules thereunder and the requirement of 'Explanation' to Regulation 16(1)(c) of the Listing Regulations.

In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be given for approval of the Board of Directors.

