

**PTC INDIA FINANCIAL SERVICES LIMITED
NEW DELHI**

Policy for determining 'Material' Subsidiary

LEGAL FRAMEWORK

Securities and Exchange Board of India ("SEBI"), vide its Notification dated September 2, 2015, has issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations") which mandate listed entities to formulate a policy for determining 'Material' Subsidiary.

As on the date of this policy, PFS does not have any subsidiary company.

DEFINITIONS

1. **Act** means Companies Act, 2013 & rules made thereunder as amended from time to time.
2. **Holding company** in relation to one or more other companies, means a company of which such companies are subsidiaries companies.

Explanation For the purposes of this clause, the expression "company" includes any body corporate.

3. **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-
 1. Controls the composition of the Board of Directors; or
 11. 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.

Explanation- For the purpose of this definition,-

- a. A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in clause (i) or (ii) above is of another subsidiary company of the holding company;
- b. The composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- c. The expression "company" includes any body corporate;
- d. "layer" in relation to a holding company means its subsidiary or subsidiaries

4. "Unlisted Material Indian subsidiary"

It shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed entity & its subsidiaries in the immediately preceding accounting year.

5. "Material Subsidiary"

"material subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

6. "Significant transaction or arrangement"

It 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.

7. "Audit Committee"

Audit Committee means the Audit Committee of the Board constituted by the Board of Directors of PFS in accordance with Section 177 of the Companies Act, 2013 and read with Regulation 18 of SEBI (LODR) Regulations, 2015.

II. PROVISIONS WITH REGARD TO SUBSIDIARY COMPANIES

1. SUBSIDIARY COMPANIES

- ✓ The Audit Committee of the listed holding company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;
- ✓ The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company;
- ✓ The management shall periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;
- ✓ Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

Nothing contained in this clause, shall apply to a case:-

- Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
 - Where the subsidiary company holds such shares as a trustee; or
 - Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.
- ✓ The company shall not directly / indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
 - ✓ The company shall include particulars of its subsidiary companies in its annual return, if applicable ;
 - ✓ The company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;

- ✓ The company shall, along with its financial statements to be filed with Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;
- ✓ The company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the company, who asks for it.
- ✓ The following items of listed subsidiary should be brought to PFS Board:
 - All items of Governance;
 - All items of policy;
 - All items which are not in the ordinary course of business;
 - All items where special resolution is to be passed;
 - All Appointments of EDs and above.

The nominee directors of PFS on the Board of subsidiary company should apprise to the Board of PFS about the activities of the respective subsidiary company from time to time. Further, they should bring all matters/ items of subsidiary companies to the knowledge of PFS Board, which are not in ordinary course of business and in the opinion of nominee directors of PFS, requires the attention of PFS Board.

MATERIAL UNLISTED INDIAN SUBSIDIARY & MATERIAL SUBSIDIARY COMPANIES

- ✓ At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a unlisted material subsidiary whether incorporated in India or not;

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, 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 listed entity and its subsidiaries in the immediately preceding accounting year.

- ✓ The company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 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 recognized stock exchanges within one day of the resolution plan being approved;

The company shall not sell, dispose & lease 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 except in case 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 recognized stock exchanges within one day of the resolution plan being approved.

AMENDMENT

The Board will change/amend this Policy from time to time at its sole discretion and/or pursuant to any amendments made in the Companies Act, 2013 or any other Statutory Regulations.

In case of any clarification(s), circular(s) etc. issued by the relevant authorities, not being inconsistent with the provisions laid down under this Policy, then this Policy shall be read along with such clarification(s), circular(s) so issued, from the effective date as laid down under such clarification(s), circular(s) etc. In case of any conflict in the Policy and regulatory provisions then regulatory provisions shall prevail.

DISCLOSURES

The material subsidiaries policy shall be disclosed on the Company's website i.e www.ptcfinancial.com & a web link shall be provided in its Annual Report.

Footnote:

Version 0: Original policy dated 15.01.2015_____

Version 1: First amendment dated 13.06.2020 _____

Version 2: Second amendment dated 30.07.2024