



POLICY ON DETERMININING MATERIAL SUBSIDIARY

Policy Change log			
Version	Issued on	Effective from	Purpose of change
v1	September 18, 2025	September 18, 2025	New Policy release

PARIJAT INDUSTRIES (INDIA) LIMITED

(Formerly Known as Parijat Industries (India) Private Limited)

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1. Preamble

This Policy is formulated in accordance with Regulations 16, 24, and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (the “SEBI Listing Regulations”).

The objective of this Policy is to determine the criteria for identifying a Material Subsidiary(ies) of the Parijat Industries (India) Limited (hereinafter referred to as the “PIIL” or “Company”) and to ensure compliance with the corporate governance requirements stipulated under the SEBI Listing Regulations. This Policy shall become applicable upon the listing of the Company's securities on a recognized stock exchange in India.

Until such listing, the relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”) shall continue to apply, as applicable to a company in the process of filing draft offer documents or offer documents. Any subsequent amendments, revisions, circulars, or notifications issued under the SEBI Listing Regulations or other applicable laws shall be deemed to be automatically incorporated into this Policy, and no further approval from the Board of Directors of the Company shall be required for the same.

2. Objective

This Policy sets out the criteria to determine the Material Subsidiary(ies) (as defined hereafter) of the Company and ensure compliance with disclosure requirements under the SEBI Listing Regulations and other applicable laws.

3. Definitions

- a) **“Act”** means the Companies Act, 2013 and rules issued thereunder.
- b) **“Audit Committee”** means Audit Committee constituted by the Board of Directors of Company, from time to time, under Section 177 of the Companies Act, 2013 and SEBI Listing Regulations.
- c) **“Board”** means the board of directors of Company, as constituted from time to time.
- d) **“Holding company”** means a holding company as defined under the Companies Act, 2013.
- e) **“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 Act and the SEBI (LODR) Regulations, 2015;
- f) **“Insolvency Code”**, means Insolvency and Bankruptcy Code, 2016, as amended.
- g) **“Material Subsidiary”** shall except where otherwise specifically provided, a subsidiary, whose turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.



- h) **“Significant Transaction or Arrangement”** means any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten per cent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of an unlisted subsidiary for the immediately preceding accounting year, and shall be in accordance with any meaning as may be provided for “significant transaction or arrangement” under Regulation 24(4) of the SEBI Listing Regulations, from time to time.;
- i) **“Subsidiary”** means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013.
- j) **“Unlisted Material Subsidiary”** means a Material Subsidiary of the Company whose shares are not listed on any stock exchange in India.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and the SEBI (LODR) Regulations, 2015, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

4. Criteria for Determining the Material Subsidiaries

A subsidiary and Unlisted Material Subsidiary of the Company shall be regarded as a Material Subsidiary if it falls under the definition provided above.

The Audit Committee shall review such details / information as may be required to determine the ‘Material Subsidiaries’.

5. Governance Requirements

- a) Material Subsidiary of the Company, if any, shall be identified as a one-time exercise during each financial year basis the consolidated turnover or Net Worth of the Company or such other regulatory criteria as may be notified from time to time. This identification shall take place soon after the preparation of annual accounts, and the outcome shall be placed before the Audit Committee or the Board, as applicable, in the meeting where the annual audited accounts of the Company are considered."
- b) Monitoring of investments made by the Company in the Subsidiaries for the purpose of determining the Materiality of the Subsidiary shall be done whenever such an investment is made. Monitoring the quantum of generation of consolidated income of the Company will be done at the time of finalizing the consolidated annual accounts of the Company.
- c) The Company shall appoint at least 1 (one) of its independent directors on the board of directors of its unlisted Material Subsidiary, whether incorporated in India or not. For the purpose of this para, the term ‘Material Subsidiary’ shall mean a subsidiary whose turnover or net worth exceeds 20% (twenty per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- d) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary on an annual basis.
- e) The minutes of the meetings of the Board of the Unlisted Subsidiary shall be placed at the meeting of the Board of the Company.



- f) The management of the Unlisted Subsidiary shall periodically bring to the notice of the Board of the Company, a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary.
- g) The management shall present to the Audit Committee annually, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
- h) Unlisted Material Subsidiaries incorporated in India shall undertake a secretarial audit, as referred under Section 204 of the Act by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and the secretarial audit report shall be annexed with the annual report of the Company.

Explanation: The term “secretarial auditor” means a company secretary in practice or a firm of company secretary(ies) in practice appointed to conduct the secretarial audit and the term “peer reviewed company secretary” means a company secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a peer reviewed practice unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India under SEBI Listing Regulations, from time to time.

- i) The Company shall disclose all material events or information related to its Subsidiaries, as required under applicable laws, including disclosures under Regulation 30(9) of the SEBI Listing Regulations.
- j) Where the Company has a listed subsidiary, which is itself a holding company, the provisions of SEBI Regulations, 2015, shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

6. Disposal of Material Subsidiary

The Company shall not without prior approval of the shareholders of the Company by way of a special resolution passed in a general meeting, except in cases where such divestment or 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, which shall be disclosed to the recognised stock exchanges within one day of the resolution plan being approved:

- (i) dispose shares held by the Company in its Material Subsidiary which shall result in reduction of the Company’s shareholding in the Material Subsidiary (either individually or together with its other subsidiary) to less than or equal to 50% (fifty per cent) or the Company ceasing to exercise control over the Material Subsidiary; or
- (ii) sell, dispose or lease assets of the Material Subsidiary which amount to more than 20% (twenty per cent) of the assets of the Material Subsidiary on an aggregate basis during a financial year.

Provided, shareholders’ approval by way of a special resolution as aforesaid will not be required, if such disinvestment or sale, disposal or lease of assets:

- (a) is under a scheme of arrangement formulated under the Act and duly approved by the National Company Law Tribunal; or
- (b) is pursuant to a resolution plan is formulated and approved under section 31 of the Insolvency and Bankruptcy Code, 2016, and the approval of the resolution plan



is notified to the concerned stock exchanged within one day of the resolution plan being approved.

If such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company, prior approval of the shareholders of the Company by way of special resolution is not required.

7. Policy Review and Amendments

This Policy shall be subject to periodic review by the NRC. Any changes, if considered necessary, shall be recommended to the Board for approval. In the event of a conflict between this Policy and any applicable statutory or regulatory provisions, the requirements of such laws and regulations shall prevail. Any amendments to the applicable laws shall be automatically deemed to form part of this Policy without requiring further approval from the Board.

8. Disclosures

This Policy shall be disclosed on the Company's website pursuant to Regulation 46(2) of the SEBI Listing Regulations and a web link thereto shall be provided in the annual report of the Company.

9. Effective Date

This policy takes effect from the date of its adoption by the Board and shall remain in force until modified or rescinded.