



**POLICY FOR DETERMINING MATERIAL
SUBSIDIARIES**

OF

PNB HOUSING FINANCE LIMITED

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Summary of Version History

Policy approved by	Board of Directors
Policy drafted by	CS
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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

[Pursuant to Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I. PURPOSE

The Policy for determining material subsidiary companies has been framed in accordance with the provisions of Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI LODR Regulations”) as amended from time to time. The Policy will be used to determine the Material Subsidiaries of the Company.

II. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary of the Company shall be considered ‘Material’ if the 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.

III. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not:

- i. dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or
- ii. dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- iii. 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, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

IV. ADDITIONAL REQUIREMENT FOR MATERIAL NON-LISTED SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed subsidiary company.

For the purposes of this requirement, “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 corporate governance requirements with respect to the subsidiary of listed entity are provided under Annexure-1.

V. DISCLOSURE

This Policy shall be disclosed on the website of the Company.

VI. REVIEW / AMENDMENT

The Board may amend, abrogate, modify or revise any or all clauses of this Policy in accordance with the applicable provisions of the Listing Regulations and amendment(s) thereto notified by the Securities and Exchange Board of India and/or Stock Exchanges, from time to time. However, amendments in the Listing Regulations shall be binding even if not incorporated in this Policy. The Policy shall be reviewed annually or at earlier intervals as may be deemed necessary.

Corporate governance requirements with respect to subsidiary of listed entity

1. The material unlisted subsidiary 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 in such form as may be specified by SEBI.
2. The Audit Committee of the Company shall annually review the financial statements, in particular, the investments made by the unlisted subsidiaries based on audited financial statements.
3. The Management of the unlisted subsidiary company shall, periodically bring to the notice of the Board of Directors of the listed entity, a statement of all Significant transactions and arrangements entered by such unlisted subsidiaries.

For the purpose of this regulation, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

4. The minutes of the meetings of the Board of Directors of the unlisted subsidiaries shall be placed quarterly, at the meetings of the Board of the Company.