

PARSHVA ENTERPRISES LTD

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

INTRODUCTION

This Policy has been formulated in accordance with regulation 16(1)(c) and regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (hereinafter referred to as "Listing Regulations")

However The Company does not have any material subsidiary as on date of approving this policy.

TITLE

This Policy shall be called 'Policy for determining material subsidiaries'.

OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of the Regulations 16 of the SEBI (LODR) Regulations, 2015 (including any amendments thereof).

DEFINITIONS

"Audit Committee or Committee" means **"Audit Committee"** constituted by the Board of Directors of the Company, from time to time, under provisions of the SEBI (LODR) Regulations, 2015

"Board of Directors" or **"Board"** means the Board of Directors of Company, as constituted from time to time.

"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 Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

"Policy" means this Policy, as amended from time to time.

"Subsidiary" shall mean a subsidiary as defined under the Act and Rules made thereunder.

"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.

"Material Unlisted Subsidiary" shall mean an unlisted material Subsidiary.

"Unlisted Subsidiary" means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

"Material Non Listed Indian Subsidiary" shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

"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 material unlisted subsidiary for the immediately preceding accounting year.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

POLICY:

CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be a Material Subsidiary, if any one of the following conditions is satisfied:

a. If the income of the subsidiary exceeds twenty per cent of its consolidated income of the Company and its subsidiaries in the immediately preceding accounting year; or

b. If the net worth of the subsidiary exceeds twenty per cent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year. Based on audited consolidated and standalone annual financial statements of Company and its subsidiaries, in each financial year, the Company would identify the subsidiaries which would get covered under the definition of material subsidiary as provided above.

PROCESS

A. If any subsidiary is found to be “material”, the Company should comply the following:

- 1) The Company will not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with 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.
- 2) The Company will not sell, dispose off and lease any assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolution. However, the said approval is not required if the sale/disposal/lease is made under a scheme of arrangement duly approval by a Court/Tribunal.
- 3) At least one Independent Director of the Board of the Company shall be a director on the Board of Directors of an unlisted material subsidiary, incorporated in India.

B. The Management of the unlisted material subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the said unlisted material subsidiary.

C. The Company shall comply with such other requirement in relation to unlisted material subsidiary as may be mandated under the Act and/ or Listing Regulations, from time to time.

Amendment :

The Board of Directors may review or amend this policy, in whole or in part, from time to time as per the requirement of the Act or any other statute.
