

Policy For Determining Material Subsidiaries

Objective:

This Policy shall be called “Policy for Determining Material Subsidiaries”, which is framed in accordance with the provisions of Explanation to Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) to determine Material Subsidiary (ies) of the Company.

Scope & Applicability:

This Policy applies to PDS Limited and its subsidiaries, to determine and govern Material Subsidiary(ies).

Definitions/Key Terms:

- a. Company - Means PDS Limited.
- b. Board - Means Board of Directors of PDS Limited.
- c. Turnover - Means the aggregate value of the realization of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.
- d. Subsidiary Company or Subsidiary - Means a subsidiary company as defined under 2(87) of the Companies Act, 2013.
- e. Material Subsidiary - Shall mean a subsidiary, whose turnover or net worth exceeds 10% percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- f. Material Unlisted Indian Subsidiary - Means a Material Subsidiary which is incorporated in India and is not listed on the Indian stock exchanges.
- g. Net Worth - Means net worth as defined under Section 2(57) of the Companies Act, 2013.

Roles & Responsibilities:

- Audit Committee shall review the list of Material Subsidiaries annually.
- Board of Directors shall ensure compliance with the applicable provisions.

Procedures/Implementation:

Criteria for determination of “Material Subsidiary:

- The net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year; or
- The subsidiary has generated more than 10% of the consolidated turnover of the Company and its subsidiaries in the immediately preceding accounting year.

The list of Material Subsidiaries shall be prepared annually and placed before the Audit Committee for review.

This Policy may be reviewed and amended periodically as and when required by the Board through Audit Committee to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective.

Compliance & Consequences:

Disposal of Shares or Assets of Material Subsidiary:

- 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 50% (fifty per cent) 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 1 (one) day of the resolution plan being approved.
- Selling, disposing and leasing of assets (other than licensing of film rights) amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company 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 recognized stock exchanges within 1 (one) day of the resolution plan being approved.

Provided that nothing contained in this sub-clause shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company.

Secretarial Audit:

- Material Unlisted Subsidiary incorporated in India shall undertake secretarial audit by a secretarial auditor who shall be a peer reviewed Company Secretary and shall enclose with its Annual Report, a Secretarial Audit Report.

Appointment of Independent Directors:

- At least 1 (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(ies), whether incorporated in India or not.

Explanation - For the purposes of this requirement, notwithstanding anything to the contrary contained in clause 3 of this policy, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 20% (twenty percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Disclosure:

This Policy shall be disclosed on the Company’s website www.pdsltd.com and web link thereto shall be provided in the Annual Report of the Company.

Non-compliance with requirements on disposal of shares/assets or appointment of Independent Directors may lead to violation of SEBI Listing Regulations and Companies Act, attracting regulatory action.

Related Documents/References:

This Policy should be read in conjunction with the following documents:

- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Companies Act, 2013.

Ownership and Review:

Ownership: This Policy shall be owned and administered by the Board of Directors of the Company through the Audit Committee.

Review: The list of Material subsidiaries of the Company shall be placed before the Audit Committee for their review on an annual basis. This Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force. In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.

Version History:

Version No.	Approved on	Created by	Approved by
1.	January 23, 2015	Secretarial Team	Board of Directors
2.	November 13, 2015	Secretarial Team	Board of Directors
3.	May 27, 2021	Secretarial Team	Board of Directors
4.	January 28, 2025	Secretarial Team	Board of Directors