



पंजाब नेशनल बैंक  
समूह व्यवसाय प्रबंधन प्रभाग, प्रधान कार्यालय  
PUNJAB NATIONAL BANK  
GROUP BUSINESS MANAGEMENT DIVISION, HEAD OFFICE

TO ALL OFFICES

19-03-2025

In supersession of Circular  
No.02/2024 dated 13.03.2024

**GBMD CIRCULAR No 01/2025**

**ANNUAL REVIEW OF POLICY ON DETERMINATION OF MATERIAL  
SUBSIDIARIES**

1. In terms of Regulation 16(1)(c) of SEBI (LODR) Regulations, 2015, , updated up to third amendment 2024, the Bank, being a listed entity is required to formulate a policy for determination of 'Material' subsidiaries.
2. Further, in terms of the Regulation 46 & 62 of SEBI (LODR) Regulations, 2015, updated up to third amendment 2024, the Bank is also required to make specific disclosures on their website, inter alia, including the Policy for determination of 'Material' subsidiaries.  
Accordingly, the Bank has in place a Policy on Determination of Material Subsidiaries which was last reviewed/ updated on 13.03.2024 in terms of guidelines of SEBI (LODR) Regulations, 2015 for placing the same on the website of the Bank.
3. Policy on Determination of Material Subsidiaries was last issued vide GBMD circular no 02/2024.
4. Board vide its resolution no. T4-6 in meeting held on 28.02.2025 has reviewed the Policy on Determination of Material Subsidiaries (enclosed as **Annexure-I**) to facilitate all officials for compliance.
5. All concerned are advised to note the above guidelines for meticulous compliance. Besides, all Inspecting Officials are advised to note the guidelines to ensure its compliance. In case of non-compliance of above-mentioned guidelines, the issue of non-compliance may be flagged/ reported to the competent authority for taking further action in the matter.
6. In case of any clarification, the matter may be referred to Group Business Management Division, Head Office, New Delhi.

**Encl: Annexure-I**

**GENERAL MANAGER  
(Nitil Pandya)**

Annexure-I

# Policy on Determination of Material Subsidiaries

With effect from 01 April 2025

**Division: Group Business Management Division**

**Version: 2025\_GBMD\_4.0**



## Policy Custodian

<b>Division</b>	Group Business Management Division
<b>Officer in-charge</b>	Divisional Head
<b>Policy Contact</b>	gbmd@pnb.co.in

## Policy Version Control



S.No.	Version Number	Version Date	Summary of changes
1.	2022_GBMD_1.0	28.09.2022	Approved with no changes
2.	2023_GBMD_2.0	28.02.2023	Approved with following changes: PNB Board in its meeting held on 27.03.2019 directed to place the information at Para 5 (b) (ii) (iii). The directions of the Board were captured at the respective para(s) by making suitable modification.
3.	2024_GBMD_3.0	27.02.2024	Approved with following changes: Para 3 (i). Definitions, Page 5 of the Policy- Definition of Net worth has been modified in terms of SEBI guidelines which stipulates “net worth” means as defined in <a href="#">sub-section (57)</a> of section 2 of the Companies Act, 2013
4.	2025_GBMD_4.0	28.02.2025	Para 5 a (v) has been amended in terms of SEBI gazette notification dated 12.12.2024.  The word “income” wherever appearing has been substituted by the word “turnover” vide regulation 3 (VIII) (i) of the SEBI gazette notification dated 12.12.2024.  Vide Chapter IV, section IV-A of the SEBI Master Circular no. SEBI/HO/CFD/PoD2/CIR/P/0155

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			dated 11.11.2024, additions have been made at Para 5 a (ii), Para 5 a (iii), Para 5 a (iv) and Para 5 a (vi).
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## Policy Governance

<b>Frequency Of Review</b>	<b>Annual</b>
<b>Last reviewed on</b>	27.02.2024
<b>Approval Path</b>	Audit Committee of Executive  Audit Committee of Board  Board of Directors
<b>Supersedes</b>	Policy on Determination of Material Subsidiaries F.Y 2024-2025 circulated vide GBMD Cir. No. 02/2024 dated 13.03.2024

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## 1. Policy Overview

- 1.1 Our Bank is a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. The Bank is also a listed entity and is therefore required to comply with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 updated up to third amendment 2024 {hereinafter referred to as 'SEBI (LODR) Regulations'} and other guidelines issued by the Securities Exchange Board of India (SEBI) from time to time, in this regard.
- 1.2 Policy was last reviewed on 27.02.2024 by the Board in terms of the SEBI LODR Regulations, 2015 for placing the same on the website of the Bank.

## 2. Policy Details- Background, Scope and Applicability

- 2.1 This policy shall be called "Policy on Determination of Material Subsidiaries" ("Policy").
- 2.2 This Policy outlines the basis for Determination of 'Material Subsidiaries', in terms of the provisions of SEBI (LODR) Regulations and provides for the general and special considerations for corporate governance practices to be followed in respect of all subsidiaries and material subsidiaries, respectively.
- 2.3 Regulation 16(1)(c) of SEBI (LODR) Regulations mandates a listed entity to formulate a Policy for determination of 'material' subsidiary.
- 2.4 Regulation 46(2)(h) and Regulation 62(1A)(h) of SEBI (LODR) Regulations mandates on Disclosure of Policy for determination of 'material' subsidiaries on Bank's website.

## 3. Definitions.

- a. "**Audit Committee**" means Committee of Board of Directors of the Bank constituted in-pursuance of the directives of Reserve Bank of India.
- b. "**Bank**" means the Punjab National Bank (PNB), constituted under the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970.
- c. "**Board**" means the Board of Directors of the Bank in terms of Section 9 (3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.
- d. "**Company**" means a company incorporated under Companies Act, 2013 or under any previous company law.
- e. "**Listed Company**" means a company which has any of its securities listed on any recognised stock exchange.
- f. "**Subsidiary Company**" in relation to the PNB (as defined under sub-section (87) of section 2 of the Companies Act,2013 means a company in which PNB
  - i. controls the composition of the Board of Directors; or
  - ii. exercises or controls more than half of the total voting power either on its own or together with one or more of its subsidiary companies.
- g. "**Material subsidiary**" shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year. {As defined

in Listing Regulation 16(1) (c) of SEBI (LODR) Regulations} and third amendment vide SEBI gazette notification dated 12.12.2024.

- h. “**Significant transaction or arrangement**” as defined under SEBI LODR Regulation 24(4), 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 as on/for the immediate preceding accounting year.
- i. “**Net worth**” means the aggregate value of the paid-up share capital and all reserves created out of the profits [securities premium account and debit or credit balance of profit and loss account], after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- j. “**Insolvency Code**” means the Insolvency and Bankruptcy Code, 2016.

#### 4. Determination of Material Subsidiary

A subsidiary company of the Bank will be treated as a Material Subsidiary, if its turnover or net worth exceeds **ten percent** of the consolidated turnover or net worth respectively, of the Bank and its subsidiary companies in the immediately preceding accounting year.

The detail list of Bank’s subsidiaries as categorised for this policy is annexed as per **Appendix A**. As evident from Appendix A, PNB has **no** Material Subsidiary as the turnover or net worth of any subsidiary of the Bank does not exceed ten percent of the consolidated turnover or net worth respectively, of the Bank, in the immediately preceding accounting year, i.e. FY 2023-24.

#### 5. Corporate Governance requirements in case of dealing with Subsidiaries

##### a. Special Provisions for Material Subsidiary Companies: (Regulation 24 & 24A of SEBI (LODR) Regulations)

- i. At least one independent director on the Board of Directors of the Bank is a director on the Board of Directors of the unlisted material subsidiary, whether incorporated in India or not.

**Explanation:** For the purposes of this provision only (i.e., Para 5.a.i), the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds **twenty** percent of the consolidated turnover or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year.

- ii. Vide SEBI circular no. SEBI/HO/CFD/PoD2/CIR/P/0155, dated 11.11.2024, currently, Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, requires Secretarial Audit by Practicing Company Secretaries (PCS) for listed companies and certain unlisted companies above a certain threshold in Form No. MR-3.

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- iii. In order to avoid duplication, the listed entity and its unlisted material subsidiaries shall continue to use the same Form No. MR-3 as required under Companies Act, 2013 and the rules made thereunder for the purpose of compliance with Regulation 24A(1) of the LODR Regulations.
  - iv. While the annual secretarial audit shall cover a broad check on compliance with all laws applicable to the entity, listed entities shall additionally, on an annual basis, require a check by the PCS on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, consequent to which, the PCS shall submit a report to the listed entity in the manner specified.
  - v. Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity, as notified vide SEBI gazette notification dated 12.12.2024 (third amendment) which inter alia amends the provisions of Regulation 24A of SEBI (LODR) Regulations, 2015.
  - vi. Further, regulation 24A(2) of the LODR Regulations requires every listed entity to submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty days from end of each financial year.
  - vii. The Bank 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 to exercise the 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.
  - viii. Selling, disposing and leasing 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, 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 one day of the resolution plan being approved.
- b. General Provisions for all Subsidiary Companies: (Regulation 24 of SEBI (LODR) Regulations)**
- i. The Audit Committee of the Bank shall annually review the financial statements, in particular, the investments, made by the unlisted subsidiaries based on audited financial statements.
  - ii. The Management of the unlisted subsidiary company shall, at least at quarterly intervals, bring to the notice of the Board of Directors of the Bank, a statement



of all significant transactions and arrangements entered into by such unlisted subsidiaries.

- iii. 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 Directors of the Bank.
- iv. Where the Bank has a listed subsidiary, which is itself a holding company, the provisions of this Regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

#### **6. Disclosure of the Policy:**

The Policy shall be disclosed on the Bank's website and a web-link thereto shall be provided in the Annual Report as per the provisions of Regulation 46(2) (h) and Regulation 62(1A)(h) and Schedule V-Para C point no.10(e) of SEBI (LODR) Regulations relating to 'Other Disclosures in Corporate Governance Report'.

#### **7. Ownership of the Policy:**

Group Business Management Division

#### **8. Validity and Review of the Policy:**

The Policy shall remain valid for twelve months from the date of approval by the Board. The Policy shall be subject to annual review.

Further, Functional Committee (being Audit Committee of Executives) shall be authorised to:

- a) incorporate any changes necessitated in the policy for the interim period up to the next review, due to regulatory pronouncements made during the validity period of the policy; and
- b) Extend the validity of the Policy for a period of 3 months and the Board will be informed of such extension subsequently at the time of annual review.

#### **9. Reporting:**

There is no such requirement to report to any statutory/regulatory bodies.

#### **10. Relaxation/Deviation/Exclusion:**

NIL

**GENERAL MANAGER**  
**(Nitil Pandya)**

Appendix A

**Position of Subsidiaries of the Bank**

(Amt. in INR Cr)

Sr. No.	Subsidiary	Turnover 31.03.2024 ( Audited )	Net Worth 31.03.2024 (Audited)	% of subsidiary turnover to PNB consolidated turnover	% of subsidiary net worth to PNB consolidated net worth
<b>PNB (Consolidated Audited Figures) based on Audited Financials as of 2023-24</b>		<b>122394.01</b>	<b>110386.73</b>	<b>&lt;10%</b>	<b>&lt;10%</b>
1	PNB International Ltd, UK	532.53	900.61	0.00	0.00
2	Druk PNB Bank Ltd, Bhutan*	225.98	422.42	0.00	0.00
3	PNB Investment Services Ltd	11.39	50.75	0.00	0.00
4	PNB Cards and Services Ltd	22.51	18.59	0.00	0.00
5	PNB Gilts Ltd	1576.67	1313.35	0.01	0.01

\*Financial year of Druk PNB Bank Ltd is from 01<sup>st</sup> January to 31<sup>st</sup> December.

Note: PNB Insurance Broking Company is subsidiary of PNB and is under liquidation and winding up process.

**Glossary**

GBMD	Group Business Management Division
SEBI	Securities and Exchange Board Of India
SEBI (LODR) Regulations, 2015	SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015
RBI	Reserve Bank Of India
PCS	Practicing Company Secretaries

**List of References:**

- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 updated up to third amendment dated 12.12.2024.
- SEBI Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 for compliance with the provisions of SEBI LODR Regulations 2015, dated 11.11.2024.