

# Policy on Material Subsidiary

	<b>Page No</b>
Index	
Introduction	2
Objective	2
Definitions	2
Policy	3
Disposal of Material subsidiary	3
Disclosures	3
Conclusion	3

## Introduction

Patel Engineering Limited ('the Company') has adopted this Policy on Material subsidiaries, upon the recommendation of the Board of directors and the said Policy is in compliance with the requirements of Clause 49 of the Listing Agreement (as amended).

## Objective

This Policy has been framed for determining the material subsidiaries of the company and to ensure appropriate governance of such entities.

## Definitions

The following words shall have the meanings as provided in the policy, unless otherwise mentioned in the Listing Agreement:

**Audit Committee** "Audit Committee or Committee" means the Audit Committee of the Board constituted under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

**Board** "Board" means the Board of Directors of the Company as defined under the Act and constituted from time to time.

**Material Non listed subsidiary** The term "material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10%\* of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

*\*Amended vide Board Meeting dated April 30, 2019*

**Significant transaction or arrangement** The term "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.

**Subsidiary** Shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

**Policy** "Policy or this Policy" means Policy on material subsidiaries.

**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 Listing Agreement with the Stock Exchanges.

Words and expressions used and not defined in the Policy shall have the same meanings as assigned to them in the Listing Agreement and/or the Companies Act, 2013.

## **Policy**

- a) At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
- b) The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company.
- d) The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- e) The management of the Company shall on an annual basis present to the Audit Committee the list of unlisted subsidiaries along with details of the materiality. The Audit Committee shall review the same and make suitable recommendations to the Board.

## **Disposal of Material Subsidiary**

The Company, without the prior approval of the members by Special Resolution, shall not:

- a) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) ceases the exercise of control over the Subsidiary; or
- c) sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary.

*Where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.*

## **Disclosure**

The Policy for determining material subsidiaries is to be disclosed to the Stock exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company.

## **Conclusion**

The Board shall review and amend this policy from time to time.

In the event of any conflict between the provisions of this Policy and provisions of the Listing Agreement or the Act and Rules framed thereunder or any other applicable laws for the time being in force, the later shall prevail over the Policy.

This Policy or the relevant provisions of this policy shall be disseminated to all concerned employees of the Company.

The policy shall be amended as required from time to time in case of any changes in the Revised Listing agreement or/and the Act and the rules made thereunder.