

PATEL ENGINEERING LTD.

POLICY

Material Subsidiary

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Patel Engineering Limited

Policy on Material Subsidiary

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 16(1)(C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter known as "SEBI Regulation" (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 SEBI Regulation:

| | |
|--|--|
| Act | "Act" means Companies Act, 2013 (as amended from time to time) |
| Audit Committee | "Audit Committee or Committee" means the Audit Committee of the Board constituted under Regulation 18 of SEBI Regulation 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 Subsidiary | The term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. |
| Significant transaction 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 unlisted subsidiary for the immediately preceding accounting year. |
| Subsidiary | "Subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013. |
| Policy | "Policy or this Policy" means Policy on material subsidiaries. |
| Independent Director | Means a non-executive director, other than a nominee director of the Company, who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI Regulation. |

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

Policy

- a) At least 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, whether incorporated in India or not.
For the purposes of this clause "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- b) The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- c) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- d) The management of the unlisted subsidiary should periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- 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 shall not do the following act without the prior approval of the members of the Company by Special Resolution:

- a) dispose of its shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent 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 one day of the resolution plan being approved.
- b) Selling, disposing and leasing of assets amounting to more than twenty percent 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.

Nothing contained in clause (b) above shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

Where at any point of time, the 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 Company shall disseminate the policy for determining 'material subsidiaries on its website and also provide weblink where the said policy is disclosed in the section on corporate governance of the Annual Report 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 SEBI Regulation 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.

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