



Policy for Determining Material Subsidiaries

(As amended and approved by the Board in its 386th Meeting held on 26.08.2025)

- Approved and adopted on 27.05.2015
- First Revision on 20.02.2019

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

A. BACKGROUND & OBJECTIVES

The objective of this policy is to determine the material subsidiaries of Engineers India Limited, in accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time. The Policy also provides a governance framework for such material subsidiaries in accordance with Regulations 24 and 24A of SEBI Listing Regulations, and the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises ("extant DPE Guidelines") including any amendments thereto.

The Policy was initially approved by the Board of Directors in 343rd meeting held on 20.02.2019 and adopted w.e.f. 01.04.2019 and has further amended by the Board of Directors in its meeting held on 26.08.2025 in order to align it with the latest regulatory provisions.

B. DEFINITIONS

"Act" means Companies Act, 2013 including any statutory modification or reenactment thereof & Rules made thereunder.

"Audit Committee" Audit Committee means the committee formed under the Companies Act, 2013/Listing Regulations/extant DPE guidelines.

"Board of Directors" or "Board" means the Board of Directors of Engineers India Limited, as constituted from time to time.

"Company" means Engineers India Limited.

"Independent Director" means a director who satisfies the criteria for independence under the Companies Act, 2013, the SEBI Listing Regulations and extant DPE guidelines.

"Material Subsidiary" means a subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of Engineers India Limited and its subsidiaries in the immediately preceding accounting year.

"Policy" means the Policy for determining Material Subsidiaries.

"Significant transaction or arrangement" means 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" means a subsidiary as defined under the Act and Rules made thereunder.

C. IDENTIFICATION OF MATERIAL SUBSIDIARY(S)

Identification of Material Subsidiaries would be done after finalization of Annual Financial Statements and shall be placed before the Audit Committee and Board of Directors, if required.

D. COMPLIANCE REQUIREMENT REGARDING DISPOSAL OF SHARES OR ASSETS OF MATERIAL SUBSIDIARY(S)

1. The Company, shall not dispose of 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 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/Government or under resolution plan duly approved under section 31 of the Insolvency Code. Further, extant DIPAM/ DPE guidelines as may be applicable in this regard shall be followed.

2. 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 sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal/Government or under resolution plan duly approved under section 31 of the Insolvency Code. Further, extant DIPAM/DPE guidelines as may be applicable in this regard shall be followed.

Nothing contained in this clause shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the company.

E. GOVERNANCE REQUIREMENTS

1. At least one Independent Director on the Board 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 provision, notwithstanding anything to the contrary contained in this Policy, the term "Material Subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

2. Unlisted material subsidiaries incorporated in India shall undertake secretarial audit, by a Secretarial Auditor who shall be a peer reviewed company secretary in practice and shall annex a secretarial audit report with the annual report of the Company.

3. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

4. The minutes of the meetings of the Board of Directors of the unlisted subsidiary company shall be placed at the meeting of the Board of Directors of the company.

5. The management of the unlisted subsidiary should 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 unlisted subsidiary company.

F. MODIFICATIONS AND AMENDMENTS

The Board may review and amend this policy, from time to time, as may be necessary to ensure alignment with the SEBI Listing Regulations, extant DIPAM/DPE guidelines and other applicable laws, rules, and regulations, or guidelines including any amendments or notifications issued thereunder. Any subsequent notification, circular, guideline or amendment issued under the SEBI Listing Regulations or by any other competent authority under applicable laws, shall be deemed to be incorporated into this Policy and shall be *mutatis mutandis* applicable, without any further modification or amendment in this policy.

G. DISCLOSURES

This Policy shall be disclosed on the website of the Company in accordance with Regulation 46 of SEBI Listing Regulations and a web link thereto shall be provided in the Board's Report.