

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **BACKGROUND & OBJECTIVES**

The objective of this policy is to determine the material subsidiaries of Engineers India Limited in accordance with Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) ( including amendments thereof).

The above Policy shall come into force w.e.f 1.4.2019.

### **DEFINITIONS**

“Act” means Companies Act, 2013 & rules made thereunder.

“Audit Committee” Audit Committee means the committee formed under Companies Act, 2013/Listing Regulations/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 Listing Regulations and DPE guidelines on Corporate Governance.

“Material Subsidiary” means a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of Engineers India Limited (and its subsidiaries) on consolidated basis in the immediately preceding accounting year.

“Policy” means this Policy on Material Subsidiary.

“Subsidiary” means a subsidiary as defined under the Act and Rules made thereunder.

## **COMPLIANCE REQUIREMENT REGARDING MATERIAL SUBSIDIARY**

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 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal/Government or under resolution plan approved under Insolvency Code.
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 approved under Insolvency Code. Further, any DPE guidelines in this regard shall be followed.

## **REQUIREMENT FOR MATERIAL UNLISTED SUBSIDIARY**

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 requirement only, material subsidiary shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries on consolidated basis in the immediately preceding accounting year.”
2. Unlisted material subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice as may be specified.

## **Further, in addition to the above requirements, the following matters needs to be compiled in respect of every Subsidiary (whether Material/Non Material)**

1. The Audit Committee of the listed holding company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
2. 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.
3. 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 company.  
The term “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.

## **COMPLIANCE BY STEP DOWN SUBSIDIARIES**

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

## **MODIFICATIONS AND AMENDMENTS**

The Board may review and amend this policy as may be required from time to time in accordance with SEBI (Listing Regulations) and other applicable laws and any further amendments and notifications as

may be made effective in this regard. Any subsequent notification, circular, guidelines or amendments to SEBI (Listing Regulations) and other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.

## **DISCLOSURES**

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the SEBI (Listing Regulations). This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's Report.