

Punj Lloyd Limited

Policy on Material Subsidiaries

I. Preamble

Punj Lloyd Limited (“the Company”) is a diversified international conglomerate engaged in providing entire gamut of services from basic and detailed design to engineering, procurement, construction and commissioning in oil, gas and infrastructure sectors. The Company, through its branches, subsidiaries, joint ventures and associates, has a presence in 20+ countries presently.

The Board of Directors (“the Board”) of the Company has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined below..

II. Purpose

This policy is framed as per the requirement of Revised Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges as amended in accordance with Clause 16 (1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Regulations) and intended to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

III. Definitions

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges, SEBI Regulations and the Companies Act, 2013 (“the 2013 Act”).

“Board of Directors or Board” means the Board of Directors of the Company, as constituted from time to time.

“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 2013 Act, the Listing Agreement with the Stock Exchanges and SEBI Regulations.

“Material Unlisted Indian Subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

However, in case the consolidated net worth of the Company and its subsidiaries is negative at the end of the immediately preceding accounting year, the “Material Unlisted Indian Subsidiary” shall mean an unlisted Indian subsidiary whose income exceeds twenty percent of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year.

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“**Significant transaction or arrangement**” 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 material unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall be as defined under the 2013 Act and the Rules made thereunder.

IV. Policy

1. A subsidiary shall be considered as “**Material**” subsidiary, if:

the income or net worth of the subsidiary exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, provided, in case the consolidated net worth of the Company and its subsidiaries is negative at the end of the immediately preceding accounting year, the “**Material Subsidiary**” shall mean a subsidiary whose income exceeds twenty percent of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year.

2. One Independent Director of the Company shall be a director on the Board of the Material Unlisted Indian Subsidiary.

3. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.

4. The minutes of the Board meetings of the unlisted Subsidiary shall be placed before the Board of the Company on a half yearly basis.

5. The management shall on a half yearly basis bring to the attention of the Board of the Company, a statement of all ‘Significant transactions and arrangements’ entered into by the unlisted subsidiary company.

6. The management shall present to the Audit Committee on an annual basis, a list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board, including but not limited to, recommendation for appointment of an Independent Director of the Company on the Board of Material Unlisted Indian Subsidiary.

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V. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:

- a) Dispose of shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) Cease the exercise of control over the Material Subsidiary; or
- c) Sell, dispose or lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year;

Except in cases where such divestment and/or the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

VI. Disclosure

The Policy for determining Material Subsidiaries shall be disclosed on the website of the Company at www.punjllloyd.com and a web link thereto shall be provided in the Annual Report of the Company, as per the provisions of laws in force.

This Policy shall be subject to review as may be deemed necessary and in accordance with the SEBI Regulations, and/or other regulatory requirements/amendments.