

**PRAJ INDUSTRIES LIMITED**

**MATERIAL SUBSIDIARIES DETERMINATION POLICY**

<b>Versions of the policy</b>			
<b>Sr. No.</b>	<b>Particulars</b>	<b>Board approval date</b>	<b>Effective date</b>
1.	Initial adoption	16 <sup>th</sup> October, 2014	16 <sup>th</sup> October, 2014
2.	1 <sup>st</sup> amendment	29 <sup>th</sup> January, 2016	29 <sup>th</sup> January, 2016
3.	2 <sup>nd</sup> amendment	30 <sup>th</sup> May, 2024	30 <sup>th</sup> May, 2024
4.	3 <sup>rd</sup> amendment	30 <sup>th</sup> January, 2025	30 <sup>th</sup> January, 2025
5.	4 <sup>th</sup> amendment (current version)	5 <sup>th</sup> November, 2025	5 <sup>th</sup> November, 2025

<b>Index</b>		
<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1.	Preamble	2
2.	Definitions	2
3.	Criteria for determining Material Subsidiary	2
4.	Governance Requirements	2
5.	Disposal of Shares / Assets of Material Subsidiary	3
6.	Disclosure	4
7.	Review & Amendment of the Policy	4

## 1. PREAMBLE:

In accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the **Listing Regulations**”), this policy outlines the manner in which the Company will identify its material subsidiary and also prescribes certain governance requirements which need to be adhered to by the Company with respect to management of its material subsidiary.

## 2. DEFINITIONS:

“**Act**” means the Companies Act, 2013 including any statutory modification or re-enactment thereof.

“**Board of Director**” or “**Board**” means the Board of Directors of Praj Industries Limited, as constituted from time to time.

“**Company**” means Praj Industries Limited.

“**Holding Company**” means Holding Company as defined under Section 2(46) of the Act.

“**Independent Director**” means an Independent Director as defined in Section 2(47) of the Act read with the Listing Regulations and as may be amended from time to time.

“**Policy**” means this Policy on Material Subsidiaries and as may be amended from time to time.

“**Subsidiary Company/Subsidiary**” means Subsidiary Company/Subsidiary as defined under Section 2(87) of the Act and the Rules made there under.

“**Unlisted Subsidiary**” means a Subsidiary of the Company whose shares are not listed on any stock exchange.

## 3. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY:

A subsidiary shall be considered as material if its turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year (“Material Subsidiary”).

## 4. GOVERNANCE REQUIREMENTS:

- a) The Company shall appoint at least one of its Independent Director on the Board of its unlisted material subsidiary whether incorporated in India or not.

Explanation: For the purpose of this requirement, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 20% (twenty per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- b) The audit committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- c) The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.
- d) The management of the unlisted subsidiary shall 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.

Explanation: For the purpose of this sub-clause, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) 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.

- e) The unlisted Material Subsidiaries incorporated in India shall undertake secretarial audit as referred under Section 204 of the Act by a Secretarial Auditor and the Secretarial Audit Report shall be annexed with the annual report of the Company.

## **5. DISPOSAL OF SHARES / ASSETS OF MATERIAL SUBSIDIARY:**

- a) The Company shall not, without prior approval of the shareholders of the Company by way of Special Resolution passed in General Meeting:
  - (i) dispose of shares held by the Company in its material subsidiary which shall result in reduction of the Company’s shareholding in the Material Subsidiary (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty per cent) or cease the exercise of control over the Material Subsidiary.
  - (ii) sell, dispose or lease assets amounting to more than 20% (twenty per cent) of the assets of the Material Subsidiary on an aggregate basis during a financial year.

Provided, shareholders’ approval by way of Special Resolution as aforesaid will not be required, if such disinvestment or sale, disposal or lease of assets is made under a scheme of arrangement duly approved by a Court/Tribunal, or is pursuant to 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.

- (iii) If such sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company, prior approval of the shareholders of the Company by way of Special Resolution is not required.

**6. DISCLOSURE:**

The Company's Policy on the Determination of Material Subsidiaries shall be published on its website, and the web link thereto shall be provided in the Annual Report.

**7. REVIEW & AMENDMENT OF THE POLICY:**

The Board shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new Policy.

Any subsequent amendment / modification in the Listing Regulations, Companies Act and / or applicable laws in this regard shall automatically apply to this Policy.

In case of any inconsistency between the contents of this Policy and provisions of the Listing Regulations / Companies Act, the provisions of the Listing Regulations / Companies Act shall prevail.

**For Praj Industries Ltd.**

Sd/-

**Dr Pramod Chaudhari**  
**Chairman**

**Date: 5<sup>th</sup> November, 2025**