

Policy on Material Subsidiaries

1. Preamble

The following shall be the Policy on determining material subsidiaries of Premier Energy and Infrastructure Limited ('Company'), as approved by the Company's Board of Directors. This Policy is subject to the Board's review and changes, as may be appropriate, from time to time in conformity with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy came into effect from 27.01.2025

2. Purpose The purpose of this policy is to establish guidelines and provide clarity on the classification, governance, and management of Material Subsidiaries within the organization. This policy aims to ensure compliance with regulatory requirements and provide transparency regarding the relationship between the holding company and its subsidiaries.

3. Scope This policy applies to all subsidiaries of the holding company, including both direct and indirect subsidiaries, wherever they may be located.

4. Definitions

- **Holding Company:** means a holding company as defined in sub-section (46) of section 2 of the Companies Act, 2013.
- **Material Subsidiary:** shall mean a subsidiary whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- **Subsidiary:** means a subsidiary as defined under sub-section (87) of section 2 of Companies Act, 2013.
- **Significant Influence:** The ability to participate in the financial and operating decisions of the subsidiary without necessarily having control or joint control.
- **Control:** The power to govern the financial and operating policies of an entity, typically through ownership of more than 50% of voting shares or equivalent rights.

5. Material Subsidiary Determination Criteria A subsidiary will be considered "Material" if it satisfies at least one of the following criteria:

- The subsidiary contributes 10% or more to the consolidated revenue, profits, or net worth of the holding company for the financial year.
- Any other criteria as defined by the applicable regulations from time to time.

6. Governance and Oversight

- **Board Representation:** A Material Subsidiary whose threshold limit exceeds 20% or more must have at least one independent director of the holding company on its board.
- **Approval Requirements:** Any significant transactions or strategic decisions (e.g., mergers, acquisitions, investments) involving Material Subsidiaries must be approved by the board of directors of the holding company.

- **Reporting:** Material Subsidiaries must submit quarterly and annual financial reports to the holding company, which should be reviewed and consolidated for reporting purposes. The holding company is required to disclose the material subsidiary details annually in the Director's Report, including the composition of the board and any significant transactions that occurred during the year.
- Without the prior approval of the shareholders of the Company by means of a resolution as prescribed under applicable laws/regulations, the Company shall not:

1) dispose off shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease to exercise control over the Material Subsidiary, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court or 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;

2) sell/dispose/lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme or arrangement duly approved by a Court or 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.

Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this policy shall also apply to the listed subsidiary in so far as its subsidiaries are concerned.

7. Documentation and Reporting

- **Annual Report:** A detailed report on all Material Subsidiaries must be included in the holding company's Annual Report, highlighting their financial position, strategic importance, and governance structure.
- **Quarterly Review:** A quarterly review of the financial and operational performance of Material Subsidiaries should be conducted and shared with the board of the holding company.

8. Amendments and Changes in Criteria the threshold for determining whether a subsidiary is material may change from time to time. Any amendments to applicable laws, rules, or regulations will be incorporated into this policy.

9. Policy Review This policy will be reviewed annually and amended as necessary to ensure continued compliance with applicable laws and best practices in corporate governance.