

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **A Preamble**

In accordance with the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"), (the "**Listing Regulation**") Sattva Engineering Construction Limited (the "**Company**") is required to frame a policy for determining material subsidiary of the Company.

Accordingly, the Board of Directors of the Company on 09<sup>th</sup> April 2025, has adopted the Policy for Determining Material Subsidiaries ("**Policy**").

Reference to statutory provisions or regulations shall be construed as meaning and including references to any amendment or re-enactment and any amendments to any statutory provisions or regulations or clarifications applicable to the Policy shall automatically be deemed to be included in the Policy, without any further amendment of the Policy by the Board or relevant committee of the Board.

### **B Scope and exclusion**

This Policy sets out the criteria for determining material subsidiary / subsidiaries of the Company.

A subsidiary shall be considered as "material subsidiary" if its income or net-worth exceeds ten percent of the consolidated income or net-worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

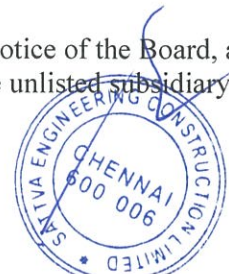
### **C Definitions and Interpretation**

In this Policy, words and expressions shall have the meaning assigned to them below:

" <i>Audit Committee</i> "	shall mean the Audit Committee of the Company constituted by the Board;
" <i>Board</i> "	shall mean the Board of Directors of the Company;
" <i>Company</i> "	shall mean Sattva Engineering Construction Limited;
" <i>Directors</i> "	shall mean all the members of the Board of Directors of the Company, including the Independent Directors;
" <i>Listing Regulation</i> "	shall mean The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

### **D Policy**

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.
2. The minutes of the meetings of the board of the unlisted subsidiary shall be placed at the meeting of the Board.
3. The management of the unlisted subsidiary shall periodically bring to the notice of the Board, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary.



4. The management shall present to the Audit Committee annually, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
5. At least one independent director on the Board shall be a director on the board of directors of an unlisted material subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
6. The Company's material unlisted 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, in such form as may be specified.
7. The Company shall not without the prior approval of the stakeholders by way of a special resolution:
  - a) 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 except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal/Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved; and
  - b) selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court /Tribunal/ Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### **E Communication and Dissemination of the Policy**

A copy of this Policy shall be posted on the website of the Company for all its employees and the Directors. The Policy shall also be disclosed in the Corporate Governance Report and would be a part of the Company's Annual Report.

#### **F Amendments**

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace this Policy entirely with a new policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

#### **G General**

Where the terms of this Policy differ from any existing or newly enacted law, rule, or regulation, the law, rule or regulation will take precedence over this Policy from the effective date of such law, rule or regulation.

For interpretation of this Policy, reference and reliance may be placed upon circulars/clarifications issued by the MCA, SEBI and/or any other authority.

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## POLICY ON DIVERSITY OF BOARD

### A Preamble

The Board shall have the optimum combination of the Directors the different areas/fields like production, management, quality assurance, finance, sales and marketing, supply chain, research and development, human resources, administration etc. or as may be considered appropriate. The Board shall have at least one Director who has accounting or financial management related expertise and who is financially literate.

Having a diverse and inclusive culture in the Board is essential for the success of Sattva Engineering Construction Limited ("**Company**").

Accordingly, the Board on 09<sup>th</sup> April 2025, has adopted the Policy on Diversity of the Board ("**Policy**") which aims to set out the approach, to achieve diversity on the Board.

### B Objective and Policy Statement

1. The Company recognizes and embraces the benefits of diversified Board as it helps in making good use of differences in knowledge, professional experience, expertise, qualification, skills, and range of outlooks that are required for the progressive business of the Company. Possessing a truly balanced and diverse Board with all these merits along with diversity in regional and industry experience, background, culture, race, age, gender and other relevant factors between directors as an integral element helps in maintaining competitive advantage.
2. The Board might consider relevant and applicable factors to balance the combination from time-to-time to function effectively.
3. The Company believes that a diverse Board can contribute to the achievements of its strategic and commercial objectives, including but not limited to:
  - a) driving result-oriented business;
  - b) ensuring sustainable development;
  - c) augmenting quality and capability of constructive decision making;
  - d) enhancing the reputation of the Company; and
  - e) achieve effective corporate governance.
4. This Policy shall apply only to the Board and not to the employees of the Company.

### C Definitions and Interpretation

In this Policy, words and expressions shall have the meaning assigned to them below:

"Act"	shall mean the Companies Act, 2013 and rules framed thereunder, <i>notified</i> by the Ministry of Corporate Affairs, Government of India, as amended from time to time;
"Board"	shall mean the <i>Board</i> of Directors of the Company;
"Company"	shall mean Sattva Engineering Construction Limited incorporated under the provisions of the Act;
"Directors"	shall mean all the members of the Board of



Directors of the Company, including the Independent Directors;

**"Independent Directors"**

shall mean the Director other than a managing director or a whole-time director or a nominee director as more specifically set out under Section 149(6) of the Act, and shall also have the meaning ascribed to the term "Independent Director" under Regulation 16(1)(b) of the Listing Regulations;

**"Listing Regulations"**

shall mean The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

**"Nomination and Remuneration Committee"**

shall mean the nomination and remuneration committee constituted by the Board in accordance with the provisions of the Companies Act, 2013;

**D Optimum Composition**

1. In compliance with Regulation 17(1)(a) of the Listing Regulations:

- a) The Board shall have an optimum combination of executive and non-executive directors and not less than fifty percent (50%) of the Board shall comprise of non-executive directors.
- b) The Company shall have at least one-woman director on the Board to ensure that there is no gender inequality on the Board.

2. In compliance with Regulation 17(1)(b) of the Listing Regulations.

At least half of the Board shall comprise of Independent Directors (where the Chairman of the Board is executive) or at least one third of the Board consisting of independent directors (where the chairman of the Board is non-executive director). Provided, at least half of the Board shall comprise of Independent Directors, where the non-executive chairperson is a promoter of the Company or is related to any promoter or person occupying management positions at the level of the Board or at one level below the Board.

3. In compliance with Regulation 17(IC) of the Listing Regulations.

In any case, the Company shall ensure that approval of shareholders for appointment of a person on the Board is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

**E Functional Diversity**

- a) Appointment of Directors shall be based on the specific needs and business of the Company. Appointments shall be done based on qualification, knowledge, experience and skill of proposed appointee, which is relevant to business of the Company.
- b) Knowledge and experience in domain area shall be duly considered while making appointments to the level of the Board.



- c) While appointing Independent Director, care shall be taken so as to ascertain the independence of the proposed appointee.
- d) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.
- e) The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
- f) For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:
  - (i) use the services of external agencies, if required;
  - (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - (iii) consider the time commitments of the candidates.
- g) Directorships in other companies may also be taken into account while determining the candidature of a person.

**F Monitoring, Evaluation and Reporting**

The Nomination and Remuneration Committee and its policy are in compliance with Section 178 of the Act and the Listing Regulations. Monitoring, evaluation and reporting shall be in strict compliance with the same.

**G Review of the Policy**

1. The Nomination and Remuneration Committee shall review the policy annually, which will include an assessment of the effectiveness of the policy
2. The Nomination and Remuneration Committee shall discuss any revision that may be required and recommend such revisions to the Board for approval.

**H Disclosure of the Policy**

1. The Policy shall be published for public information on the Company's website i.e. [www.sattvaengg.in](http://www.sattvaengg.in)
2. Complying with 46(2)(i) of the Listing Regulations, a summary of the Policy together with the measurable objectives set for implementing this Policy, and the progress made towards achieving those objectives shall be disclosed annually by the Company in the corporate governance report.

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