

HIL Limited

Policy on Determining Material Subsidiaries

[Pursuant to Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015]
(Version 1.2)

Revision History

Version No.	Release Date	Function	Reviewed by	Approved by	Description of change
1.0	October 25, 2018	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Originally adopted under SEBI (LODR) Regulations, 2015
1.1	July 31, 2023	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Revised in line with the changes in SEBI (LODR) Regulations, 2015
1.2	February 6, 2025	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Revised in line with the changes in SEBI (LODR) Regulations, 2015

1. PURPOSE OF THE POLICY:

The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

2. OBJECTIVE OF THE POLICY:

The objective of this Policy is to determine (a) meaning of Material Subsidiary (b) requirement of appointing an Independent Director of the Company on the Board of Unlisted Material Subsidiaries (c) Restriction on disposal of shares of Material Subsidiaries by the Company (d) Restriction on Selling, Disposing and Leasing of assets of Material Subsidiary (e) Secretarial Audit of Material unlisted subsidiaries and (f) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to HIL Limited.

3. DEFINITIONS:

"Board" implies Board of Directors of HIL Limited (Company/HIL Limited)

"Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner; provided that a Director or officer of the Company shall not be considered to be in control over the Company, merely by virtue of holding such position.

"Independent Director" or "ID" implies a director other than a managing director or a whole-time director or a nominee director and who satisfies other criteria for independence mentioned in the Companies Act, 2013 and the Listing Regulations.

"Material Subsidiary" Unless specified otherwise, a 'Material Subsidiary' shall mean a subsidiary, whose Turnover or net worth exceeds ten percent of the consolidated Turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"Significant Transaction or Arrangement" shall mean 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.

"Subsidiary" shall mean as defined under the Companies Act, 2013 and the Rules made thereunder.

"Secretarial Auditor" means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation and amendments thereto.

4. INDEPENDENT DIRECTOR OF THE COMPANY ON THE BOARD OF UNLISTED MATERIAL SUBSIDIARY:

At least one Independent Director on the Board of the Company shall be a director on the board of the Unlisted Material Subsidiary, whether incorporated in India or not. For the purpose of compliance with the above, the term “Material Subsidiary” shall mean a subsidiary, whose Turnover or net worth exceeds 20% of the consolidated Turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

5. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY:

The Company shall not dispose-off shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment is under a scheme of arrangement duly approved by a court/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.

6. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY:

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 (‘Insolvency Code’) and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

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.

7. SECRETARIAL AUDIT:

Every Material Unlisted Subsidiary of the Company incorporated in India shall undertake secretarial audit by a Secretarial Auditor and shall annex a secretarial audit report, in such form as may be specified with the annual report of the Company.

8. REVIEW THE LIST OF MATERIAL SUBSIDIARIES:

The Management shall present to the Audit Committee annually, the list of the subsidiaries of the Company, together with the details of the materiality defined herein and the Audit Committee shall review the same and make suitable recommendations to the Board.

9. OTHER COMPLIANCES IN RESPECT OF UNLISTED SUBSIDIARIES WHETHER MATERIAL OR NOT:

- a. **SIGNIFICANT TRANSACTIONS/ARRANGEMENTS:** The management of the unlisted subsidiary should periodically bring to the attention of the Board, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
- b. **FINANCIAL STATEMENTS:** The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Companies of the Company.
- c. **MINUTES OF UNLISTED SUBSIDIARIES:** The minutes of the Meetings of the Board of Directors of the Unlisted Subsidiary Companies of the Company shall be placed at the Meeting of the Board of Directors the Company.

10. DISCLOSURES:

As prescribed by Regulation 46 of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

11. REVIEW OF THE POLICY:

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.

Date: 06.02.2025
Place: New Delhi

Akshat Seth
(Managing Director & CEO)