

**HINDUJA VENTURES LIMITED  
POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

*Adopted by the Board of Directors on September 23, 2014 pursuant to the Listing Agreement and amended by the Board of Directors on February 11, 2016 in order to align with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

*The Board of Directors on March 27, 2019 has further amended this policy in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time.*

**1. Preamble**

The policy is framed by Hinduja Ventures Limited (hereinafter referred to as "HVL") pursuant to an explanation to Regulation 16(1)(c) and other applicable provisions of the Securities and Exchange Board of India (**Listing Obligations and Disclosure Requirements**) Regulations, 2015 ("**Listing Regulations**").

**2. Definition:**

- i. "**Act**" means Companies Act, 2013 including any statutory modification or re-enactment thereof.
- ii. "**Subsidiary Company**" is as defined under clause 2(87) of the Act.
- iii. "**Holding Company**" is as defined under clause 2(46) of the Act.
- iv. "**HVL**" means Hinduja Ventures Limited.
- v. "**Material subsidiary**" shall mean a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of HVL and its subsidiaries in the immediately preceding accounting year.
- vi. "**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.
- vii. "**Listing Regulations**" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

**3. Basis of Determining Material Subsidiary**

This Policy lays down the basis of determining material subsidiary of HVL in alignment with the Listing Regulations.



A subsidiary shall be considered material if:

- (i) its income exceeds 10% of the consolidated income, of HVL and its subsidiaries in the immediately preceding accounting year; or
- (ii) its net worth exceeds 10% of the consolidated net worth, of HVL and its subsidiaries in the immediately preceding accounting year.

#### 4. Frequency of Materiality Test

The materiality test shall be applied every financial year as soon as the audited financial statements of the HVL are made available by the Auditor of the Company. On the basis of the above, HVL shall determine its 'material subsidiary (ies)'.

#### 5. Implementation and Approval process

Once a subsidiary is identified as a **material subsidiary**, HVL shall adhere to the following procedures:

- i. At least one independent director on the Board of Directors of HVL, the holding company shall be appointed as a director on the Board of Directors of an unlisted material subsidiary.

**Explanation** - For the purposes of this clause 5(i), "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the HVL and its subsidiaries in the immediately preceding accounting year.

- ii. HVL shall not dispose of shares in its material subsidiary which would reduce HVL's shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where disinvestment is made under a scheme of arrangement duly approved by a competent Court / Tribunal 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.
- iii. HVL shall not sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without obtaining prior approval of shareholders 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 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- iv. HVL and its 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 as per the Listing Regulations.



**6. General Compliances in respect of other Subsidiaries**

Apart from the above, the following general compliances shall be adhered to by HVL in respect of its subsidiaries, whether or not they are material subsidiaries:

- i. The Audit Committee of HVL shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- ii. The minutes of the meetings of the Board of Directors of the unlisted subsidiary (ies) shall be placed at the meeting of the Board of Directors of HVL.
- iii. The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of HVL, a statement of all Significant Transactions and arrangements entered into by the unlisted subsidiary.

**7. Disclosures**

This Policy shall also be posted on the website of the HVL and a web link thereto shall be provided in the Annual Report of HVL.

**8. Amendment**

The Board of Directors reserves its right to amend or modify this policy in whole or in part, at any time without assigning any reason whatsoever. In the event of any conflict between the provisions of this Policy and of Act / Listing Regulations or any other statutory enactments, rules, the provisions of such Act / Listing Regulations or statutory enactments, rules shall prevail over this Policy.

**9. Applicability**

The above amended policy will be applicable to HVL with effect from **1 April, 2019**.

