

# **POLICY ON MATERIAL SUBSIDIARIES**

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## **Hitech Corporation Limited**

(Approved by the Board of Directors at its Meeting held on 12th November, 2014  
Revised by the Board of Directors at its Meeting held on 23<sup>rd</sup> May, 2016  
Revised by the Board of Directors at its Meeting held on 8<sup>th</sup> August, 2019)

# HITECH CORPORATION LIMITED

## POLICY ON MATERIAL SUBSIDIARIES

### 1. Preface

The Board of Directors (the “Board”) of Hitech Corporation Limited (the “Company”) has adopted the following policy (the “Policy”) with regard to determination of Material Subsidiaries of the Company. This Policy has been formulated in accordance with the Regulation 16 (1) (C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all applicable laws and regulations, as may be amended from time to time.

### 2. Objective of the Policy

This Policy has been framed to determine the Material Subsidiaries of the Company and to provide the governance framework for such Subsidiaries.

### 3. Definitions

- a. “Act” means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time.
- b. “**Audit Committee or Committee**” means a Committee of Directors of the Company, as constituted from time to time under Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c. “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.
- d. “**Independent Director**” means a Director of the Company, not being a Whole-time Director and who is neither a Promoter nor belongs to the Promoter Group of the Company and who satisfies other criteria for independence as prescribed under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
- e. “**Material Subsidiary**” shall mean a Subsidiary, whose income or net worth exceeds ten percent of the Consolidated Income or Net Worth respectively, of the listed entity and its subsidiaries in the immediately preceding Accounting Year.
- f. “**Material Non-Listed Subsidiary**” shall mean an Unlisted Subsidiary Company, whose income or net worth (i.e. paid up capital and free reserves) exceeds twenty

percent of the Consolidated Income or Net Worth respectively, of the listed holding company and its subsidiaries in the immediately preceding Accounting Year.

- g. **“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 Non-Listed Subsidiary Company for the immediately preceding Accounting Year.
- h. **“Subsidiary Company/ies”** means the Subsidiary Company as defined under the Companies Act, 2013 and the Rules made thereunder.

Words, terms and expressions used and not defined in these rules or Listing Regulations but defined in the Act shall have the same meaning respectively assigned to them in the Act.

#### 4. Compliance to be done by the Company

The Company, as a Holding Company, is required to comply with following:

- a. The Company shall appoint at least one Independent Director of the Company on the Board of its unlisted material Subsidiary Company, whether incorporated in India or not.
- b. The Audit Committee of the Listed Holding Company shall review the financial statements, in particular, the investments made by its Unlisted Subsidiary Company/ies.
- c. The Minutes of the Board Meeting/s of the Un-Listed Subsidiary Company/ies and its Significant Transactions and/or Arrangements shall be placed before the Board of the Listed Holding Company.
- d. The Management shall periodically bring to the attention of the Board of Directors of the Listed Holding Company, a statement of all significant transactions and arrangements entered into by the Un-Listed Subsidiary Company.
- e. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non – Listed Subsidiary.
- f. In case the Company has a listed subsidiary which itself is a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

### **5. Disposal of Material Subsidiary**

Without the prior approval of the Members by a Special Resolution, the Company shall not:

- i. dispose of its shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or ceases the exercise of control over the Subsidiary/ies except in cases where disinvestment 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved; or
- ii. sell, dispose or lease the 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 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.

### **6. Communication of this Policy**

This Policy shall be posted on the web-site of the Company and a web link thereto shall be provided in the Annual Report of the Company.

### **7. Amendment**

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.