



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Authorised Date	Approved vide Board Meeting dated 20.05.2014
Last Revised	Approved vide Board Meeting dated 09.08.2021



INTRODUCTION

The Board of Directors (the Board) of Hindusthan National Glass & Industries Limited (the Company) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

In terms of Regulation 16(1) (c) of the SEBI (Listing Obligation and disclosure Requirements) 2015, the Company required to formulate and implement a policy for determining 'material' subsidiaries. This revised policy will be effective from 09.08.2021 after the approval of board member in its meeting.

TITLE

This Policy shall be called "Policy for determining material subsidiaries".

OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the Regulation 16(1) (c) of the SEBI (Listing Obligation and disclosure Requirements) 2015 (including any amendments thereof).

DEFINITIONS

"Act" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"Audit Committee" means Committee constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

"Board of Directors" or **"Board"** means the Board of Directors of Hindusthan National Glass & Industries Limited, as constituted from time to time.

"Company" means Hindusthan National Glass & Industries Limited.

"Control" shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Independent Director" shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act, 2013, including any modifications, amendments, clarifications, circulars or re-enactments thereof.



“**Material Subsidiary**” shall have the meaning as stated in paragraph 4 of this Policy.

“**Net Worth**” means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“**Policy**” means this Policy for determining Material Subsidiaries.

“**Significant Transaction or Arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the

- I. total revenues; or
- II. total expenses; or
- III. total assets; or
- IV. total liabilities;

as the case may be, of the Unlisted Subsidiary for the immediately preceding accounting year.

“**Stock Exchange**” means BSE Limited, National Stock Exchange of India Limited and Calcutta Stock Exchange Limited.

“**Subsidiary**” shall be as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

“**Unlisted Material Subsidiary**” means a Material Subsidiary whose equity shares are not listed on any recognized stock exchange in India.

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POLICY:

A subsidiary shall be considered as **Material** if –

- net worth of the subsidiary exceeds ten percent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated ten per cent of the consolidated income of the Company during the previous financial year.

Material Non Listed Indian Subsidiary shall mean a Subsidiary, which is incorporated in India and is not listed on the Indian Stock Exchanges and whose;



- net worth exceeds ten percent of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- Income exceeds ten percent of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

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 Indian Subsidiary.

REQUIREMENT REGARDING MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special Resolution, shall not:

- dispose 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; or
- 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 in cases where the divestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

REQUIREMENT REGARDING MATERIAL NON-LISTED INDIAN SUBSIDIARY

At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on a yearly basis.

The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary



The management shall on yearly basis bring to the attention of the Board of Directors of the Company, as statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Agreement/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement/Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISSEMINATION OF POLICY

This policy shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.

DISCLOSURES

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at www.hngil.com