



HINDUJA VENTURES LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARY ("The Policy")

Adopted by the Board of Directors on August 12, 2014 pursuant to the Listing Agreement.

Amended by the Board of Directors on February 11, 2016 in order to align with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Preamble

The policy is framed by Hinduja Ventures Limited (hereinafter referred to as "HVL") pursuant to an explanation to Regulation 16(1)(c) 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. The term "material subsidiary" shall mean a subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of HVL and its subsidiaries in the immediately preceding accounting year.
- vi. The term "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 material subsidiary for the immediately preceding accounting year.

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:

- its income exceeds 20% of the **consolidated income**, of HVL and its subsidiaries in the immediately preceding accounting year ; or
- its net worth exceeds 20% 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.
- 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 Court / Tribunal.
- iii. HVL shall not sell, dispose and lease the assets amounting to more than twenty percent 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.

6. General Compliances in respect of other Subsidiaries

Apart from the above, the following general compliances will 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.
- iv. Where HVL has a listed subsidiary which itself is a holding company, the above policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

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 the 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. However, no such amendment or modification shall be inconsistent with the applicable provision of the Listing Regulations, Act or any law for the time being in force.

9. Applicability

The amended policy will be applicable to HVL effective February 11, 2016.