



# Hindustan Zinc Limited

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## POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES

Document Name	<b>Policy on Material Subsidiaries</b>
Company	<b>Hindustan Zinc Limited</b>
Prepared by	<b>HZL Secretarial</b>
Revised on	<b>19<sup>th</sup> April 2024</b>

### **Introduction**

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations) requires all listed companies to formulate a policy for determining 'material' subsidiaries.

### **Objective**

This Policy will be used to determine the Material Subsidiaries and Material Non-listed Indian Subsidiary of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

The Audit & Risk Management Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

### **Definitions**

**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.

**Material Non-listed Indian Subsidiary** shall mean an unlisted Subsidiary, incorporated in India, 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.

**Significant Transaction or Arrangement** shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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 be as defined under the Companies Act, 2013 and the rules made thereunder including any modification thereof.

**Unlisted Subsidiary** means subsidiary whose securities are not listed on any recognized Stock Exchanges.

### **Policy & Procedure**

- The Audit & Risk Management Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company;
- The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity;
- The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted 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;

*For the purposes of this provision, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.*

- The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting;

except in cases

- a) where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal,
  - b) 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.
- Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
  - Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
  - The Company 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, in such form as may be specified by SEBI.
  - The Company shall disclose all events or information with respect to subsidiaries which are material for the listed entity.

### **Disclosures**

The Policy shall be disseminated on the website and weblink shall be provided in Corporate Governance Report.

### **Limitation & Amendments**

In the event of any conflict between the provisions of this Policy as required under the Companies Act, 2013 and SEBI Listing Regulations, or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.