

HIND SECURITIES AND CREDITS LIMITED

POLICY ON MATERIAL SUBSIDIARIES

1. PURPOSE:

HIND SECURITIES AND CREDITS LIMITED ("**Company**") is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**").

The Board of Directors (the "**Board**") of the Company has adopted the policy and procedures for determining 'material' subsidiary companies ("**Policy**") in accordance with the provisions of the Listing Regulations.

This Policy will be used to determine the Material Subsidiaries 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 Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 ("**Act**") and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

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

This Policy will be applicable to the Company effective from August 10,2016.

2. DEFINITIONS:

A. "Audit Committee"

"Audit Committee" means the committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Act and Listing Regulations.

B. "Material Subsidiary"

Material Subsidiary shall mean a Subsidiary in which the investment of the Company exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated twenty per cent of the consolidated income of the Company in the immediately preceding accounting year.

C. "Significant transaction or arrangement"

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 material unlisted subsidiary for the immediately preceding accounting year.

D. "Subsidiary"

Subsidiary means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013.

E. "Unlisted Subsidiary"

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

3. POLICY AND PROCEDURE:

- i. 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.
- ii. The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- iii. 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.
- iv. 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.
- v. A listed entity 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 21 resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- vi. 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.
- vii. Where a listed entity 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.

4. Disclosures:

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

5. Limitation and Amendment:

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

Note: This policy will be applicable as and when the company will have a subsidiary.
