



## **POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES**

### **HILIKS TECHNOLOGIES LIMITED**

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## 1. **Introduction:**

In terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations"), the Company is required to frame a policy for determining 'material' subsidiaries.

## 2. **Objective:**

The objective of this Policy is to set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

## 3. **Definitions:**

- (a) **"Act"** means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- (b) **"Audit Committee"** means Committee constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of Listing Regulations, including any statutory modification(s) or re-enactment(s) thereof.
- (c) **"Board of Directors"** or **"Board"** means the Board of Directors of the Company, as constituted from time to time.
- (d) **"Company"** means Enviro Infra Engineers Limited.
- (e) **"Control"** shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Regulation 16(1)(a) of Listing Regulations including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- (f) **"Independent Director"** shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Listing Regulations read with Section 149 of the Companies Act, 2013, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- (g) **"Insolvency Code"** means Insolvency Code as defined under Regulation 2(1)(na) of Listing Regulations, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- (h) **"Material Subsidiary"** shall have the meaning as stated in paragraph 4 of this Policy.

- (i) **“Net Worth”** means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of the Listing Regulations, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- (j) **“Policy”** means this Policy for determining Material Subsidiaries.
- (k) **“Stock Exchange”** means BSE Limited and National Stock Exchange of India Limited.
- (l) **“Subsidiary”** shall be as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder and Regulation 2(zm) of the Listing Regulations.

#### **4. Determination of Material Subsidiary:**

A Subsidiary of the Company shall be considered a 'Material Subsidiary', if the turnover or net worth of the Subsidiary exceeds 10 % of consolidated turnover or net worth respectively of the Company and its subsidiaries as per the audited financial statements of the immediately preceding financial year.

The Company shall, at the end of every year, determine whether the Subsidiary falls under the criteria for Material Subsidiary as defined above. In case the Subsidiary falls under such criteria, the same is to be reported to the Board in its meeting for its noting at the first instance.

#### **5. Governance Framework:**

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
2. The minutes of the Board meetings of the Unlisted Subsidiary companies shall be placed at the Board Meeting of the Company.
3. At least one independent director on the Board of Directors of the Company shall be a Director on the Board of Directors of unlisted Material Subsidiary, whether incorporated in India or not.

Explanation: For the purpose of the above mentioned point 3., the term “material subsidiary” means a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4. The management of the Unlisted Subsidiary shall quarterly bring to the notice of the Board of the Company, a statement of all Significant Transaction(s) and Arrangement entered into by the Unlisted Subsidiary/ies.
5. Every material unlisted subsidiaries of the Company incorporated in India shall undertake Secretarial Audit by the Secretarial Auditor of the Company who shall be a Peer Reviewed Company Secretary and shall annex the Secretarial Audit Report with the annual report of the Company.

**6. Disposal of Material Subsidiary:**

The Company shall not:

- i. 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 or equal to 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment 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.
- ii. sell, dispose and lease assets amounting to more than 20% 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 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.

**7. Disclosures:**

This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

**8. 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, as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure the objective of good corporate governance.

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