HEG LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

Approved by Board of Directors at its meeting held on 7th November, 2015, modified on 31st October, 2018, 11th February, 2020, 12th February 2024 and on 11th February, 2025.

1. BACKGROUND

SEBI has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") on September 2, 2015. As per Regulation 16 of the Listing Regulations, every listed entity is required to frame a policy for determining 'material' subsidiary.

In compliance with the aforementioned statutory requirements, the Company has formulated this policy for determining 'material' subsidiary of the Company.

2. OBJECTIVE

The main objective of this policy is to determine the material subsidiaries of the company and provide a regulatory framework for such material subsidiaries.

3. IDENTIFICATION OF 'MATERIAL' SUBSIDIARY

A subsidiary shall be considered as 'material':

whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4. <u>DEFINITIONS</u>

"Act" means Companies Act, 2013 & Rules made there under.

"Audit Committee" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of the Act and SEBI (LODR) Regulations, 2015.

"Board of Directors" or "Board" means the Board of Directors of HEG Ltd. as constituted from time to time.

"Holding Company" pursuant to section 2(46) of the Act, Holding Company in relation to one or more other companies, means a Company of which such companies are subsidiaries companies.

"Net Worth" means net worth as defined in section 2(57) of the Act and SEBI Regulations, as amended from time to time.

"Policy" means this Policy, as amended from time to time.

"Subsidiary" means a subsidiary as defined under section 2(87) of the Act and Listing Regulations, as amended from time to time.

"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.

5. GOVERANCE FRAMEWORK WITH RESPECT TO SUBSIDIARY OF THE COMPANY

(i) At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

(ii) The audit committee of the Company 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 Company.

(iv) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

(v) 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 or equal to fifty percent 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.

(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 of the Company 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. Nothing contained in this para shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

(vii) Where the Company has a listed subsidiary, which is itself a holding company, the provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

(viii) The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex with its annual report, a secretarialaudit report in such form as may be prescribed.

(ix) The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company as per Regulation 30(9) of the Listing Regulations.

6. NON-COMPLIANCE

Non-compliance of the relevant provisions of the Act, read together with the Rules and the Regulations will attract the penal provisions as per the respective laws.

7. GENERAL

a) Review

This policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments

b) Disclosure of the Policy

This policy of the Company shall be displayed on the Company's website and intranet and a web-link shall be provided in the annual report.