

**HARIOM PIPE INDUSTRIES LTD**  
**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

## **I. PREAMBLE:**

Pursuant to Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company is required to formulate a policy for determining material subsidiary.

The Board of Directors of **HARIOM PIPE INDUSTRIES LIMITED** (the “Company”) is obliged to formulate a policy for determining “material subsidiaries” to comply with the requirements of Regulation 16(1)(c) and 24 of Listing Regulations, 2015 for such material subsidiaries.

## **II. PURPOSE OF THE POLICY**

The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof as required under the Listing Regulations. The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company and making disclosures about specific events occurring in material subsidiaries.

## **III. INTERPRETATION**

Any words used in the Policy herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and regulations made there under, SEBI LODR or any other relevant legislation/ law applicable to the Company.

## **IV. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY**

A Subsidiary shall be considered as material if its turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year (“Material Subsidiary”).

## **V. GOVERNANCE FRAMEWORK**

- 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 outside

EXPLANATION: For the purposes of this provision, notwithstanding anything to the contrary contained in above, the term “material subsidiary” shall mean a subsidiary whose income or net worth exceeds 20 percent of the consolidated income or net

worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

- The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of Directors of the Company.
- The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

EXPLANATION: A transaction or arrangement shall be considered significant if it exceeds or is likely to exceed 10 percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding financial year.

- The Company shall not dispose of shares in its Material Subsidiary which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty per cent) or cease the exercise of control over the Material Subsidiary without passing a special resolution in the 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.
- The Company shall not sell, dispose and lease assets amounting to more than 20% (twenty per cent) of the assets of the Material Subsidiary on an aggregate basis during a financial year unless it obtains the prior approval of shareholders by way of special resolution, except where 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 shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

- Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

## **VI. Policy Review:**

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

## **VII. DISCLOSURE**

The material subsidiaries policy shall be disclosed on the website of the Company & a web link thereto shall be provided in its Annual Report.