

THE HI-TECH GEARS LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors ('the Board') of The Hi-Tech Gears Limited (the "Company") has adopted the following policy and procedures with regards to determination of material subsidiary (ies). The Board may review and amend this Policy from time to time.

2. OBJECTIVE OF THE POLICY

The objective of this policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof) and any other laws and regulations as may be applicable to the Company.

3. EFFECTIVE DATE

This Policy will be applicable to the Company with effect from 1st December 2015, in terms of Clause 16(1)(C) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR").

4. DEFINITIONS

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

4.2 "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.

4.3 "Board of Directors" or "Board" means the Board of Directors of The Hi-Tech Gears Limited, as constituted from time to time.

4.4 "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.

4.5 "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds Ten (10) percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

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

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

4.8 "Subsidiary" means a subsidiary as defined under sub-section(87) of section 2 of the Act and SEBI Regulations, as amended from time to time

4.9 "Unlisted Material Subsidiary" shall mean an unlisted subsidiary, incorporated in India or not, whose income or net worth exceeds Ten (10) percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

Unless the content otherwise requires, words or expression contained in the policy shall bear the same meaning as in the SEBI (Listing Obligation and Disclosures Requirements) Regulation, 2015, Companies Act, 2013 & Its Rules made thereunder or any statutory modification thereof in force in case of conflict, order of preference will be the same as mentioned above.

PROVISIONS WITH REGARD TO MATERIAL NON- LISTED SUBSIDIARY & MATERIAL SUBSIDIARY COMPANIES

- 5.1 The audit committee of the listed company shall also review the financial statements, in particular, the investment made by the unlisted subsidiary.
- 5.2 At least one independent director on the Board of Directors of the holding Company shall be a director on the Board of Directors of a unlisted material subsidiary, whether incorporated in India or not.
- 5.3 The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with another subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cease where such disinvestment is made under a scheme of arrangement duly approved by the Court/Tribunal.
- 5.4 Selling, disposing and leasing of assets amounting to more than twenty percent of its assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of the shareholders by way of special resolution, unless the sale/disposal/lease is \made under a scheme of arrangement duly approved by Court/Tribunal.
- 5.5 The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the holding Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

5.6 The Board of Directors of the listed holding Company should quarterly review the statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.

5.7 The minutes of the board meeting of the subsidiary company shall be placed at the Board Meeting of the Company.

5. AMENDMENTS:

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provisions(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 governance of material subsidiary companies.

6. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the SEBI's LODR Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/ Companies Act, 2013 or statutory enactments ('Regulations') those regulations shall prevail over this Policy.

7. COMPLIANCE BY STEP DOWN SUBSIDIARIES

Where a Company has a listed subsidiary which is itself a holding Company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

8. DISCLOSURE

The company shall disclosed this policy on the its website i.e. www.thehitechgears.com and a web link thereto shall be provided in the Annual Report of the Company pursuant to the SEBI Regulations.

Incorporated on : **November 03, 2015**

Modified on : **February 10, 2017**

Amended Policy effective from : **April 01, 2019**