

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### 1. BACKGROUND & OBJECTIVE

This Policy is framed in accordance with the requirement stated under Regulation 16(1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”) and provides a governance framework for such determination in line with the requirements of the Regulations 16, 24 and other applicable regulations of the LODR and is intended to ensure governance of material subsidiary companies of Hindustan Petroleum Corporation Limited

Accordingly, the Board of Directors of Hindustan petroleum Corporation Limited (“**HPCL**”) has adopted the policy and procedures with regard to determination of Material Subsidiaries as enumerated below.

### 2. DEFINITIONS

1. **Audit Committee** - means the Audit Committee, as constituted by the Board of Directors of HPCL from time to time.
2. **Board of Directors or “Board”** - means the Board of Directors of HPCL, as constituted from time to time.
3. **Material Subsidiary** - A subsidiary shall be considered as material if its turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively of HPCL and its subsidiaries in the immediately preceding accounting year.
4. **Subsidiary Company** – shall mean a company defined as a subsidiary company under the provisions of the Companies Act, 2013.
5. **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 unlisted subsidiary for the immediately preceding accounting year.
6. **Unlisted Subsidiary-** A Subsidiary of the Company whose shares are not listed on any stock exchange.

### **3. Governance Requirements**

1. At least one Independent Director of HPCL shall be a director on the Board of the Material Non- Listed Indian Subsidiary Company, whether incorporated in India or not.  
*For the purposes of this para, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 20% percent of the consolidated turnover or net worth respectively, of HPCL and its subsidiaries in the immediately preceding accounting year.*
2. The audit committee of the HPCL shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
3. The minutes of the Board meetings of the unlisted subsidiary shall be placed at the Board meeting of HPCL.
4. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of HPCL, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
5. Every material unlisted subsidiaries of HPCL incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the HPCL.  
Explanation: The Secretarial Audit shall be undertaken by a Peer Reviewed Company Secretary w.e.f 1 April 2025 onwards.

### **4. Disposal of Material Subsidiary**

HPCL shall not, without the approval/ prior approval of the members by special resolution passed in its general meeting-

- a. 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% percent or cease the exercise of control over the subsidiary, 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.
- b. Sell, dispose and lease assets of amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, 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 HPCL.*

## **5. DISCLOSURE**

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

## **6. MODIFICATIONS AND AMENDMENTS**

All terms mentioned in this Policy shall be read in conjunction with the SEBI LODR as amended from time to time and any changes to the SEBI LODR and to the Companies Act, 2013 shall apply mutatis mutandis to this Policy and Company Secretary is authorized to make the suitable modification in this Policy. The Board may review and amend this policy as may be required from time to time in accordance with the provisions of the SEBI LODR and other applicable laws. In the event of any conflict between the provisions of this Policy and of the SEBI LODR or the Companies Act, 2013, the provisions of such SEBI LODR or the Companies Act, 2013 shall prevail over this Policy.

This Policy was adopted on 1<sup>st</sup> October 2014 and last modified on 4<sup>th</sup> March, 2025

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