

HYUNDAI MOTOR INDIA LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

(EFFECTIVE DATE OF THE POLICY: 12TH JUNE, 2024)

Version Control

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1	12 th June, 2024	Board of Directors

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I. LEGAL FRAME WORK

The Board of Directors of Hyundai Motor India Limited ('Company') is obliged to formulate a policy for determining "Material Subsidiaries" in accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to comply with the requirements stated therein regarding such material subsidiaries.

Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 extends certain principles of corporate governance to material subsidiaries of listed companies.

II. PURPOSE AND OBJECTIVE OF THE POLICY

1. The purpose of this Policy is to determine the material subsidiaries of the Company and to provide the governance framework for such subsidiaries.
2. The objective of this Policy is to determine
 - 2.1 Meaning of Material Subsidiary;
 - 2.2 Requirement of Independent Director of the company shall be a director on the board of directors of an unlisted material subsidiary;
 - 2.3 Restriction on disposal of shares/Assets of Material Subsidiary by the Company;
 - 2.4 According to Regulation 24A (1) of the SEBI (LODR) Regulations, Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake a secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity;
 - 2.5 Disclosure requirements, as specified by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

3. The Policy intends to ensure governance of Material subsidiaries by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions or arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling or disposing or leasing of assets of such subsidiaries by the Company.

III. DEFINITIONS

1. **‘Audit Committee’** means the committee constituted by the Board of the Company under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. **‘Consolidated Income’** means the total income of the Company and its subsidiaries.
3. **‘Control’** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
4. **‘Holding company’** in relation to one or more other companies, means a company of which such companies are subsidiary companies.
5. **‘Subsidiary Company’** or **‘subsidiary’** in relation to any other company (that is to say the holding company), means a company in which the holding company –
 - (i) Controls the composition of the Board; or
 - (ii) Exercises or controls more than one half of the total share capital either at its own or together with one or more of its subsidiary companies;
6. **‘Independent Director’** means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group

of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and rules made thereunder and the Listing Regulations.

7. **‘Material subsidiary’** shall mean a subsidiary whose net income or net worth exceeds 10 percent of the consolidated income or net worth respectively, of the listed company and its subsidiaries in the immediately preceding accounting year.
8. **“Net worth”** means the aggregate value of the paid-up share capital and all reserves created out of the profits, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
9. **‘Significant transaction or arrangement’** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10 per cent 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.

IV. GOVERNANCE FRAMEWORK

1. At least one independent director on the Board of the Company shall be a director on the Board of its unlisted material subsidiary company, whether incorporated in India or not. For the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the term “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year..
2. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.

3. The minutes of the meetings of the board of directors of the unlisted subsidiary company shall be placed at the meeting of the Board of the Company.
4. The management shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary company.
5. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined in this Policy. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of independent director in the material unlisted subsidiary company.
6. The Chief financial officer will be responsible for monitoring the above and determining which of the subsidiaries falls within the definition of material subsidiary.
7. Monitoring of investments made by the Company in the subsidiaries for the purpose of determining the materiality of the subsidiary shall be done whenever such an investment is made. Monitoring the quantum of generation of consolidated income of the Company will be done at the time of finalizing the consolidated annual accounts of the Company.

V. DISPOSAL OF SHARES / ASSETS OF MATERIAL SUBSIDIARY:

The Company shall not without the prior approval of the Shareholders by special resolution:

- i. Dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- ii. 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 / Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is

disclosed to the recognized stock exchanges within one day of the resolution plan being approved; or

iii. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal / Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

VI. DISCLOSURE OF THE POLICY:

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

VII. AMENDMENTS:

This policy is framed pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and in compliance with provisions of Companies Act, 2013.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This Policy will be reviewed periodically by the Board and amended as appropriate.