

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

I. BACKGROUND & OBJECTIVE

This Policy is framed in accordance with the requirement stated under revised clause 49 of the Equity Listing Agreement to be effective from 1st October 2014 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.

II. 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 the investment of HPCL in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of HPCL during the previous financial year.
- 4. Material Non-listed Indian Subsidiary** - means an unlisted subsidiary which is incorporated in India and whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of HPCL and its subsidiaries in the immediately preceding accounting year.
- 5. Subsidiary Company** – shall mean a company defined as a subsidiary company under the provisions of the Companies Act, 2013.

III. PROCEDURE AND POLICY

1. At least one Independent Director of HPCL shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
2. The management of HPCL shall present to the Audit Committee, on an annual basis, the list of Material Subsidiaries. The Audit Committee shall review the same and make suitable recommendations to the Board.
3. HPCL shall not, without the approval / prior approval of the members by special resolution, as may be required under the provisions of the Listing Agreement
 - a) dispose shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
 - b) cease the exercise of control over the Material Subsidiary; or
 - c) Sell, dispose off or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during an accounting year;except in cases where such divestment, sale, disposal, lease, as the case may be, is made under a scheme of arrangement duly approved by the Court / Tribunal.

IV. COMPLIANCE BY STEP DOWN SUBSIDIARIES

This policy will be applicable to all listed subsidiaries of HPCL with respect to their subsidiaries.

V. 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.

VI. MODIFICATIONS AND AMENDMENTS

The Board may review and amend this policy as may be required from time to time in accordance with the provisions of the Listing Agreement and other applicable laws and any further amendments and notifications as may be made effective in this regard. Any subsequent notification, circular, guidelines or amendments under listing agreement and other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.
