HD FIRE PROTECT LIMITED

(Formerly known as HD Fire Protect Private Limited)

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARIES

(Approved by the Board of Directors on 19th June 2025)

1. PURPOSE AND SCOPE

The Policy for determining 'material' subsidiary companies have been framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this policy, unless defined hereafter, shall have meaning respectively assigned to them under the LODR Regulations and in the absence of definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

2. IDENTIFICATION OF 'MATERIAL' SUBSIDIARY

A subsidiary shall be considered material if, its turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3. GOVERNANCE FRAMEWORK

i. <u>Review of financial statement and investments made by unlisted subsidiary</u>

The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.

ii. <u>Minutes of unlisted subsidiary</u>

The minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of Directors of the Company.

iii. <u>Significant transactions and arrangements of unlisted subsidiary</u>

The management of the unlisted subsidiary company 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.

A transaction or arrangement shall be considered significant if it exceeds or likely to exceed 10 percent 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. Independent Director on an unlisted material subsidiary

At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary company, whether incorporated in India or not.

For the purpose of this provision, notwithstanding anything to the contrary contained in Clause 2 above, the term "material subsidiary" shall mean a subsidiary, whose turnover or net-worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

v. Disposal of shares in material subsidiary

The Company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than or equal to 50 percent or the Company ceases the exercise of control over such subsidiary.

Such approval shall not be required if the disbursement is:

a. Under a scheme of arrangement duly approved by a Court/ Tribunal, or
b. Under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

vi. Disposal of assets in material subsidiary

The Company shall obtain a prior approval of the shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year.

Such approval shall not be required, if such sale, disposal, lease of assets is:

a. Under a scheme of arrangement duly approved by a Court/ Tribunal, or
b. Under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

vii. Secretarial Audit

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.

4. POLICY REVIEW

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

****