

**HOV SERVICES LIMITED**  
**POLICY ON MATERIAL SUBSIDIARY**

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**1. Preamble and Objective**

HOV Services Limited (the “Company” or “HOVS”), adopts the Policy on Material subsidiary (the “**Policy**”) in compliance with the requirements of Regulation 16(1)(c) and Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Regulations**”).

Regulation 16(1) (c) of the Regulations requires a company to formulate a policy on material subsidiary. Keeping the prescribed requirements in view, HOVS has framed this Policy.

**2. Material Subsidiary**

A subsidiary of the Company shall be considered Material Subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

**3. Members Approval**

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

- i) a) Dispose off shares in the Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) Ceases the exercise of control over the Material Subsidiary

*Except in cases where such disinvestment is made under the scheme of arrangement duly approved by a Court/ Tribunal.*

- ii) Sell, dispose off or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial 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.*

**4. Governance framework**

- i) The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- ii) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the Board of the Company.
- iii) The management of the unlisted subsidiary shall periodically bring to the notice of the Board the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

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*Explanation:-* The term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material subsidiary for the immediately preceding accounting year.

- iv) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

*Explanation: - For the purpose of appointment of one independent director a subsidiary shall be considered Material Subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year*

**5. Amendments**

All amendments to the Policy would be subject to approval by Board of Company except in case the amendment in the Policy is necessitated on account of change in the applicable Regulations.

**6. Interpretation**

All capitalized terms used in this Policy but not defined herein shall have the meaning ascribed to such term in the Regulations, as amended from time to time

This Policy is only meant for general guidance. In the event of any conflict between the provisions of this Policy and the provisions of the Regulations made there under, the Regulations shall prevail over the provisions of this Policy.