

EIH LIMITED

POLICY ON MATERIAL SUBSIDIARIES

1. Introduction

1.1 The Board of Directors (the “Board”) of EIH Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

1.2 The Board, on the recommendation of the Audit Committee, may review and amend this Policy from time to time.

1.3 This amended policy will come into effect immediately.

2. Policy Objective

To determine and report thereon the Material Subsidiaries of the Company in accordance with relevant clauses of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (as amended) (“Listing Regulations”).

3. Definitions

“Audit Committee” or “Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under the provisions of the Listing Regulations and the Companies Act, 2013.

“Board of Directors” or “Board” means the Board of Directors of the Company.

“Company” means EIH Limited.

“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 the criteria for independence laid down under Section 149 (6) of the Companies Act, 2013 and regulation 16(1)(b) of the Listing Regulations.

“Policy” means Policy on Material Subsidiaries.

“Material Non-listed Indian Subsidiary” means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

“Material Non-listed foreign subsidiary” means a material subsidiary which is **not** incorporated in India.

“Significant Transaction or Arrangement” means 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.

“Subsidiary Company” or “Subsidiary” means a Company as defined under the Companies Act, 2013 and the Rules made thereunder.

4. Policy

4.1. A subsidiary of the Company shall be a **material subsidiary**, if any of the following conditions are satisfied:

- a. In which the investment of the company/proposed investment, exceeds ten (10%) percent of its consolidated net worth of the Company as per audited balance sheet of the preceding accounting year; or
- b. Which has generated ten (10%) percent of the consolidated income of the Company during the preceding accounting year.

4.2. One **Independent Director** of the Company shall be a director on the Board of Directors of the Material non-listed subsidiary Company, whether incorporated in India or not.

Explanation: for the purpose of this provision, notwithstanding anything contained in clause 4.1, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty (20%) percent of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

4.3. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.

4.4. The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed before Board of the Company.

4.5. At the Audit Committee Meeting held immediately after the completion of a financial year, the Management shall place the list of

subsidiary company, if any, meeting the criteria laid down herein. The Audit Committee shall review and recommend to the Board for appointment of an Independent Director in the material non-listed subsidiary company. Further, the Audit Committee shall recommend such other compliances as may be required to be complied with under the listing regulations.

5. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- a. dispose of shares in its material subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the 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 a financial year,

unless such divestment or sale/disposal/lease, as the case may be, 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 and Bankruptcy Code and such event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

6. Secretarial Audit

Every material unlisted subsidiary of the company incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended 31st March 2019.

7. Disclosures

This Policy including any amendment(s) thereto as may be made from time to time, shall be disclosed on the Company's website at www.eihltd.com and a web link thereto shall be provided in the Company's Annual Report.

Anil Nehru
Chairperson-Audit Committee
Dated: 28th March 2019

P.R.S. Oberoi
Chairperson