POLICY ON IDENTIFICATION OF MATERIAL SUBSIDIARY

[Adopted by the Board on 01/07/2024]

HIGHWAY INFRASTRUCTURE LIMITED

POLICY ON IDENTIFICATION OF MATERIAL SUBSIDIARY

The Board of Directors (the "**Board**") of Highway Infrastructure Limited (the "**Company**") has adopted the following policy and procedures with regard to the determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

The policy for determining 'material' subsidiaries has been framed in accordance with Regulation 30 and Regulation 16(1)(c) and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulation**"). As per the Regulation 'material subsidiary' shall mean a subsidiary, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Definitions:
"**Audit Committee or Committee**" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of the SEBI (LODR) Regulations, 2015;

"**Board of Directors**" or "**Board**" means the Board of Directors of Highway Infrastructure Limited, as constituted from time to time;

"**Company**" means Highway Infrastructure 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 other criteria for independence under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

"**Policy**" means this Policy, as amended from time to time.

"**Subsidiary**" shall mean a subsidiary as defined under the Act and Rules made thereunder.

"**Material Subsidiary**" shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

"**Significant Transaction and Arrangement**" shall mean 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 material unlisted subsidiary for the immediately preceding accounting year. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956, or any other applicable law or regulation.

Governance Framework:

(1) At least one Independent Director on the Board of Directors of the listed entity shall be a director on the Board of Directors of a Material Subsidiary.

(2) 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 a reduction of its shareholding, to less than 50 percent or if the Company ceases the

exercise of control over such subsidiary; Such approval shall not be required if the disinvestment is:

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

(3) The Company shall obtain prior approval of 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:

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

(4) The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the Material Subsidiary.

(5) The minutes of the Board Meetings of the Material Subsidiary shall be placed before the Board of Directors of the Company.

(6) The management of the Material Subsidiary 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 Material Non-Listed Indian Subsidiary. A transaction or arrangement shall be considered significant if it exceeds or is likely to exceed 10 percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding financial year.

(7) Every Material Subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

Materiality Assessment

1. Any information or event, whether positive or negative, should be regarded as “material” if it meets the qualitative and/ or quantitative criteria for materiality set out in this Policy, or is deemed to be material under the Applicable Laws. Materiality will be determined on a case-to-case basis depending on specific facts and circumstances relating to the information/event, and Applicable Laws.

2. Events listed in Para A Part A of Schedule III of Listing Regulations, shall be deemed to be material based on the application of the guidelines for materiality, as specified in sub-regulation (4).

3. Events/information listed in Para B – Part A of Schedule III of the Listing Regulations, shall be considered material if it satisfies the materiality criteria stated below:

I. Qualitative Criteria

a. the omission of such event or information is likely to result in discontinuity or alteration of event or information already available publicly; or

   b. the omission of such event or information is likely to result in a significant market reaction if the said omission came to light at a later date; or

II. Quantitative Criteria

If the value or the expected impact in terms of value of such event or information exceeds the lower of the following:

   a. two percent of turnover, as per the Company's last audited annual consolidated financial statements;
   b. two percent of net worth, as per the Company's last audited annual consolidated financial statements, except in case the arithmetic value of the net worth is negative;
   c. five percent of the average of absolute value of profit or loss after tax, as per the Company's last three audited annual consolidated financial statements.

4. To determine the materiality of other events/information which are not covered under 3 above, relevant qualitative and quantitative criteria, as may be determined by the Board of Directors of the Company from time to time, shall be considered. For instance, for contracts (including contracts with customers/clients) which are in the normal course of the Company's business, such contracts will be considered material and disclosed if either
   a. the estimated annual contract value (ACV) of such contract; or
   b. the highest annual estimated revenue computed based on the contract terms/ payment receivable by the Company as per its payment schedule, exceeds 2% of the Company's revenue as per its last audited annual consolidated financial statements.

5. Notwithstanding anything stated above, the Board of Directors of the Company may prescribe any other criteria, from time to time, to determine materiality of events/information under this Policy. However, such criteria shall not dilute the requirements prescribed under the Listing Regulations.

Disclosures:

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report. Further, details of material subsidiaries of the Company, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries shall also be disclosed in the annual report.