

HUBTOWN

**HUBTOWN LIMITED**

**POLICY  
FOR  
DETERMINING MATERIAL SUBSIDIARIES**

(Effective from January 24, 2019)



**HUBTOWN LIMITED**

**REVISED POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES**

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## HUBTOWN LIMITED

### POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

#### 1. INTRODUCTION

The Explanation to Regulation 16 (1) (c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') requires all listed companies to formulate a policy for determining 'material subsidiaries'.

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 has revised the definition of 'material subsidiary' and 'significant transaction or arrangement' effective April 1, 2019.

In order to comply with the aforesaid requirements of SEBI Amendment Listing Regulations, 2018, the Board of Directors has revised and appropriately amended this Policy in its meeting held on January 24, 2019. This Policy shall be effective from January 24, 2019.

#### 2. POLICY OBJECTIVE :

2.1 The objective of this Policy is to determine material subsidiaries of the Company and disclosures thereof as required by Regulation 24 of SEBI Listing Regulations, 2015.

2.2 The Policy intends to ensure governance of material subsidiary by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding divestment of shares held by the Company and restrictions on selling/disposing/leasing of assets of such subsidiaries by the Company..

#### 3. DEFINITIONS :

"Act" means the Companies Act, 2013 as may be amended from time to time.

"Audit Committee or Committee" means a Committee of the Board of Directors of the Company constituted under the the Companies Act, 2013 and SEBI Listing Regulations, 2015.

"Board" means the Board of Directors of Hubtown Limited as constituted from time to time.

"Company" implies Hubtown Limited.

"Independent Director" means a Director of the Company, not being a Wholetime Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for 'independence' under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI Listing Regulations, 2015.



**“Material Subsidiary”** means a subsidiary, whose income or networth exceeds **twenty percent** of the consolidated income or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. This definition will be in force until March 31, 2019.

**“Material Subsidiary”** means a subsidiary, whose income or networth exceeds **ten percent** of the consolidated income or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. This definition will become effective April 1, 2019.

**“Policy”** means this Policy on determination of material subsidiaries of the Company.

**“Significant transaction or arrangement”** means 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 unlisted material subsidiary for the immediately preceding accounting year. [Upto March 31, 2019]

**“Significant transaction or arrangement”** means 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 unlisted subsidiary for the immediately preceding accounting year. [Effective April 1, 2019]

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

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI Listing Regulations, 2015, Securities Contracts (Regulation) Act, 1956 and the Rules, Notifications and Circulars issued thereunder and as amended from time to time.

#### 4. **GUIDING PRINCIPLES :**

**“Material Subsidiary”**, if any, of the Company would be identified, as one time exercise and such exercise shall be done during each financial year and the notings with details of materiality defined therein shall be placed before the Audit and Compliance Committee and the Board of the Company.

#### 5. **GOVERNANCE FRAMEWORK :**

- 5.1. Atleast one Independent Director of the Company shall be a Director on the Board of an unlisted material subsidiary whether incorporated in India or not.
- 5.2. The Audit and Compliance Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary companies, on a quarterly basis.
- 5.3. The Minutes of the Board meetings of the unlisted subsidiary companies shall be placed at the Board meetings of the Company on a quarterly basis.



5.4. The management of the unlisted subsidiary companies shall, on a quarterly basis, bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies.

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

a. dispose of shares in the material subsidiaries which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 % (Fifty percent) ; or

b. cease the exercise of control over the subsidiary ;

except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan 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.

c. sell, dispose of or lease the assets amounting to more than 20 % (Twenty percent) of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan 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.

**6. DISCLOSURE :**

This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

**7. AMENDMENTS :**

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Rules/Notification/Circulars issued thereunder, SEBI Listing Regulations which make any of the provisions of this Policy inconsistent with the Act or 2013 or the Rules/Notification/Circulars or the Regulations, then the provisions of the Act or the Regulations shall prevail over the Policy and the provisions of this Policy shall be amended /modified in due course to make it consistent with the Act or 2013 or the Rules/Notification/Circulars or the Regulations.

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[This Policy has been reviewed and approved by the Board of Directors at its meeting held on January 24, 2019].

