



HUBTOWN LIMITED

**POLICY
FOR
DETERMINING MATERIAL SUBSIDIARIES**

(Effective from December 1, 2015)

HUBTOWN LIMITED

REVISED POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES

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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 2015') requires all listed companies to formulate a policy for determining 'material subsidiaries'.

In order to comply with the aforesaid requirements of SEBI Listing Regulations, 2015, the Board of Directors has revised and appropriately amended this Policy in its meeting held on November 14, 2015 and updated as on May 29, 2023. This Policy shall be effective from December 1, 2015.

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/dispersing/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 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 Wholtime 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 ten percent of the consolidated income or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

However, for the purpose of provisions of Regulation 24 of SEBI Listing Regulations, 2015, a Material Subsidiary shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

“**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.

“**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.** At least one Independent Director of the Company shall be a Director on the Board of unlisted material subsidiary. (in terms of Regulation 24)
- 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. (in terms of Regulation 24)
- 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) (in terms of Regulation 24); or
 - b. cease the exercise of control over the subsidiary ; or
 - 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.
(in terms of Regulation 24)

5.6 Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity. (in terms of Regulation 24A)

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, 2015 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.

[The above Policy has been reviewed and approved by the Board of Directors at its meeting held on May 29, 2023.]