

## **HINDUSTHAN URBAN INFRASTRUCTURE LIMITED**

### **POLICY ON MATERIAL SUBSIDIARIES**

#### **Legal Framework**

The clause 49 V (D) of the Listing Agreement requires the Company to formulate a policy for determining "Material Subsidiaries". The clause 49 extends certain principles of corporate governance to material subsidiaries of listed companies.

#### **DEFINITIONS:**

**"Act"** means Companies Act, 2013 or any re-enactment thereof and Rules made thereunder.

**"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company from time to time under the Companies Act, 1956/ Companies Act, 2013 and the Listing Agreement.

**"Board of Directors" or "Board"** means the Board of Directors of Hindusthan Urban Infrastructure Limited as constituted from time to time.

**"Company"** means a company incorporated under the Companies Act, 2013 or any other previous company law.

**"Holding Company"** in relation to one or more other companies means a company of which such companies are subsidiaries companies

**"Policy"** means Policy on Material Subsidiary.

**"Material Non-Listed Indian Subsidiary"** mean an unlisted subsidiary, incorporated in India, whose income or net worth ( i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

**"Material Subsidiary"** a subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds twenty percent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty percent of the consolidated income of the Company during the previous financial year.

**"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 material unlisted subsidiary for the immediately preceding accounting year.

**"Subsidiary"** shall mean a subsidiary as defined under the Companies Act, 2013.

### **Provisions with regard to subsidiary companies**

- At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a material non-listed subsidiary company;
- The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary company;
- The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed before the Board of the Company.
- The management 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 unlisted subsidiary company.
- Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company and no holding company shall allot or transfer its shares to any of its subsidiary companies. Nothing contained in this clause shall apply in the following circumstances:
  - i) Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
  - ii) Where the subsidiary company holds such shares as a trustee; or
  - iii) Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.
- The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- The Company shall not sell, dispose of or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year except in cases where such sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court /Tribunal.
- The Company shall include particulars of its subsidiary companies in its annual filing.

### **Disclosures**

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

### **Amendments**

The Board of Directors of the Company may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy.

---