

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**  
[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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Housing and Urban Development Corporation Limited (HUDCO) is a Navratna CPSE and listed on BSE Limited and National Stock Exchange of India Limited. As per explanation to Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, every listed entity shall formulate a policy for determining 'material' subsidiary.

HUDCO does not have any subsidiary company as on date. However, the Policy for Determining Material Subsidiaries has been formulated in compliance of aforesaid Regulations.

#### **I. INTRODUCTION**

This Policy shall be called 'Policy for Determining Material Subsidiaries' of HUDCO. This Policy has been framed as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **II. OBJECTIVE**

This Policy provides the criteria for determining the Materiality of Subsidiary Companies of HUDCO.

#### **III. SUBSIDIARY COMPANY**

"Subsidiary Company" means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.

#### **IV. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY**

A subsidiary of HUDCO shall be considered 'material' if the turnover or net worth of the concerned subsidiary exceeds ten percent of the consolidated turnover or net worth respectively, of HUDCO and its subsidiaries, in the immediately preceding accounting year.

#### **V. OTHER PROVISIONS**

1. At least one independent director on the board of directors of HUDCO shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

2. The 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.
3. HUDCO 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 50% 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.
  4. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal. However, this clause shall not be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries.

## **VI. DISCLOSURES**

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

## **VII. POWER TO AMEND**

The Chairman & Managing Director is authorized by the Board to amend/ modify/ alter/ add/ delete any of the clause(s) of above policies in the light of changes in statutory provisions/ other requirements; etc., from time to time.

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