

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

[Pursuant to Clause 16 (c) of Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

**MADHUBAN CONSTRUCTIONS LIMITED**

## **Policy for determining material subsidiaries**

### **1. Introduction:**

The Board of Directors of **Madhuban Constructions Limited** (the “Company”) has adopted the following policy and procedures with regard to determination of material subsidiary (ies). As on date of formulating this Policy, the Company has no subsidiaries and there is no immediate applicability. However, the policy is devised in order to cater to the needs of the company in future when the Company would own Subsidiaries. The Board may review and amend this Policy from time to time.

### **2. Title & Applicability:**

This Policy shall be called “Policy for determining material subsidiaries”.

This Policy will be applicable to the Company with effect from 1 December, 2015 in terms of Clause 16 (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

### **3. Objective:**

The objective of this Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

### **4. Definitions:**

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI’s LODR Regulations, 2015 and the Companies Act, 2013.

“**Board of Directors**” or “**Board**” means the Board of Directors of Madhuban Constructions Limited, as constituted from time to time.

“**Company**” means Madhuban Constructions Limited.

“**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**” means a Subsidiary in which the investment of the Company exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

“**Material Non-Listed Indian Subsidiary**” means 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 Company and its Subsidiaries in the immediately preceding accounting year.

## **Policy for determining material subsidiaries**

“**Policy**” means Policy on Material Subsidiaries.

“**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.

“**Holding Company**”, in relation to one or more other companies, means a company of which such companies are subsidiary companies.

“**Subsidiary Company**” or “**Subsidiary**”, in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—for the purposes of this clause,—

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) above is of another subsidiary company of the holding company;
- (b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression “company” includes any body corporate;
- (d) “layer” in relation to a holding company means its subsidiary or subsidiaries.

“Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

“**The Independent Director**” shall mean an Independent Director as defined under section 2 (47) read with section 149 (5) of the Act.

“**Consolidated Income or Net worth**” means the total income or net worth of the Company and its subsidiaries.

## **Policy for determining material subsidiaries**

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder from time to time, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

### **5. Policy**

1. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:

- a. the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- b. the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

### **6. Governance Framework:**

- The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company.
- The management should 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 unlisted subsidiary company.
- One Independent Director of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.

### **7. Disposal of Material Subsidiary**

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 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- Sell, dispose & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal.

### **8. Amendments:**

### **Policy for determining material subsidiaries**

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

#### **9. Scope and Limitation:**

In the event of any conflict between the provisions of this Policy and the SEBI's LODR Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

#### **10. Disclosure:**

As prescribed under Regulation 46 (1) of the SEBI's LODR Regulations, this policy shall be disclosed on the company's website [www.madhubancon.com](http://www.madhubancon.com) and a weblink thereto shall be provided in the Annual Report of the Company.

---