



MATERIAL SUBSIDIARY POLICY

OF

CHD DEVELOPERS LIMITED

Material Subsidiary Policy-CHD Developers Limited

Statutory Requirement

Clause 49 of the Listing Agreement requires that the Board of every listed company shall formulate a policy for determining the material subsidiaries.

This Policy is formulated in terms of Clause 49 of the Listing Agreement with the Stock Exchanges. Any subsequent amendment/ modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this policy.

CHD Developers Limited (“Company”) hereby formulates this policy for determining the material subsidiaries.

Objective

Objective of this policy is to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

Definitions

1. “Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.
2. “Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time.
3. “Independent Director” means a Director of the Company, not being a whole-time Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
4. “Policy” means Policy on Material Subsidiaries.
5. “Material subsidiary” shall mean if the investment of the company in the subsidiary 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.
6. “Material non-listed Indian subsidiary” shall 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

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listed holding company and its subsidiaries in the immediately preceding accounting year.

7. “Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent 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.
8. “Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

Policy

1. At least one independent director on the Board of the Company shall be a Director on the Board of material non-listed Indian Subsidiary.
2. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall periodically be placed before the Board of the Company.
4. The management of the Company shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements, if any, entered into by the unlisted subsidiary company.
5. The management of the Company shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein.
6. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.
7. The Company shall undertake following transaction only after passing a Special Resolution in its General Meeting:
 - a. 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;

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- b. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary.
8. The Policy for determining material subsidiaries will be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force.
9. The policy shall also be uploaded on the website of the Company.

General

Notwithstanding anything contained in this policy, the Company shall ensure to comply with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to the Company, from time to time.

Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.