

POLICY FOR
DETERMINING MATERIAL SUBSIDIARY

HB PORTFOLIO LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY**1. PREAMBLE**

The Board of Directors (the "Board") of HB Portfolio Limited (the "Company") in their meeting held on 14th November, 2014 adopted the following Policy and procedures as per the requirement of amended Clause 49 of the Listing Agreement (effective from 01st October, 2014) entered into by the Company with the Bombay Stock Exchange (BSE) with regard to determination of Material Subsidiary as defined below.

This Policy has been suitably amended and re-adopted by the Board of Directors in their meeting held on 10th February, 2016 in terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) which came into force w.e.f 01st December, 2015.

This Policy has been further revised and approved by the Board of Directors in their meeting held on 27th May, 2019 in terms of amended Regulation 16(1)(c) and 24 of the Listing Regulations which came into force w.e.f 01st April, 2019.

2. POLICY OBJECTIVE

To determine the Material Subsidiary of HB Portfolio Limited and to provide the governance framework for such subsidiary.

3. DEFINITIONS

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under the provisions of Listing Regulations and the Companies Act, 2013.

"Board of Director" or **"Board"** means the Board of Directors of HB Portfolio Limited, as constituted from time to time.

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

"Independent Director" means a Director as defined under the Companies Act, 2013 and who also fulfills the criteria of independence as stipulated under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Policy" means Policy for Determining Material Subsidiary.

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"Unlisted Material Subsidiary" shall mean a Material Subsidiary whether incorporated in India or not and is not listed on any Stock Exchange(s).

"Significant Transaction or Arrangement" shall mean 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 unlisted material subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

4. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO COMPANY'S SUBSIDIARY

1. At least one **Independent Director** on the Board of Directors of the Company 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 income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on quarterly basis.
4. The minutes of the meeting of the Board of Directors of the unlisted subsidiary companies shall be placed at the meeting of the Board of Directors of the Company.
5. The management of the unlisted subsidiary shall periodically 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 company.
6. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director on the Board of unlisted material Indian subsidiary.
7. The Company's material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special Resolution, shall not:

- a. dispose shares in material subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the subsidiary; or
- c. sell, dispose 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 where such sale / disposal / lease is made under a Scheme of Arrangement duly approved by the Court / Tribunal.

6. AMENDMENT TO THE POLICY

The Board of Directors shall alter, amend or modify this Policy from time to time in line with the requirement of the SEBI Guidelines, applicable law, rules, regulations etc. which may be amended and applicable from time to time.

7. DISCLOSURE OF THE POLICY

This Policy shall be disclosed on the Company's website, www.hbportfolio.com