

# HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

## POLICY ON MATERIAL SUBSIDIARIES

### 1. Introduction

The Securities market regulator- Securities and Exchange Board of India (SEBI) has put in place Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as “**Listing Regulations**”) requires the listed entity to formulate a policy for determining Material Subsidiary.

In compliance with the aforesaid provisions of Listing Regulations, Hathway Bhawani Cabletel & Datacom Limited (the, “**Company**”) has formulated and adopted the Policy on Material Subsidiaries.

The Policy has been approved by the board of directors of the Company (“**Board**”) pursuant to the resolution of the board of directors dated 12<sup>th</sup> February 2015. The Policy shall be effective from the date of the resolution of the Board. The policy has been amended by the Board pursuant to the resolution of the board of directors dated 24<sup>th</sup> January 2019 in line with SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018.

### 2. Policy Objective

The Policy shall be used to determine the Material Subsidiaries of the Company and to provide the corporate governance for such subsidiaries.

### 3. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 as may be amended from time to time together with the rules framed thereunder.

“**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 Act.

“**Board of Director**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Company**” means Hathway Bhawani Cabletel & Datacom Limited.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**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 Act and the Listing Agreement with the Stock Exchanges.

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

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

**“Material Unlisted Indian Subsidiary”** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

**“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

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

## 4. Policy

- I. A Subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:
  - A. the net worth of the subsidiary, exceeds 10 per cent of the consolidated net worth of Company and its subsidiaries in the immediately preceding accounting year; or
  - B. if the income of the subsidiary exceeds 10 per cent of the consolidated income of Company and its Subsidiaries in the immediately preceding accounting year.
- II. At least One **Independent Director** of the Company shall be a director on the Board of every unlisted material subsidiary, whether incorporated in India or not.

For the purpose of this clause, 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 listed entity and its subsidiaries in the immediately preceding accounting year.

- III. The Audit Committee of Board of Directors of the Company shall review the financial statements, in particular, the investments made by every Material Unlisted Subsidiary Company on an annual basis.
- IV. The minutes of the meetings of the board of directors of unlisted subsidiary shall be placed before the Board of the Company periodically.
- V. 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 Unlisted Subsidiary.

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- VI. The management shall present to the Audit Committee annually, the list of 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 in the Material Unlisted Indian Subsidiary.

## **5. Disposal of Material Subsidiary**

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

- I. dispose of shares in any Material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than 50% or which would result in the cessation of the exercise of control by the Company over the Subsidiary, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved ; or
- II. 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 in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

## **6. Disclosures**

The Policy for determining material subsidiaries is to be disclosed on the company's website and a web link thereto to be provided in the Annual Report of the Company.

## **7. Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and of the Act or SEBI (LODR) Regulations, 2015 or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI (LODR) Regulations, 2015, Act and/or applicable laws in this regard shall automatically apply to this Policy.