



**AADHAR HOUSING FINANCE LIMITED**  
**POLICY ON DETERMINING MATERIAL SUBSIDIARIES**  
**Version- II**

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**1. PURPOSE OF THE POLICY**

The Policy for determining material subsidiary companies (“**Policy**”) has been framed in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and other applicable provisions (including any statutory enactments / amendments thereof).

The purpose of this Policy is determination of material subsidiaries of Aadhar Housing Finance Limited (“**Company**”) and disclosure thereof as required under the Listing Regulations. The Policy also intends to ensure governance of material subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/ arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

2. The Policy shall be effective from the date the SEBI Listing Regulations is effective with respect to the Company.

**3. DEFINITIONS**

- a. “**Audit Committee**” implies the audit committee constituted by the Board of the Company from time to time under provisions of the Listing Regulations and the Companies Act, 2013.
- b. “**Board**” implies board of directors of the Company.
- c. “**Companies Act**” means the Companies Act, 2013 and the rules made thereunder.
- d. “**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 shareholder agreements or voting agreements or in any other manner.
- e. “**Directors**” implies all the Directors on the Board.
- f. “**ED**” implies Executive Director of the Company.
- g. “**Independent Director**” or “**ID**” means an Independent Director as defined under the Act and the SEBI Listing Regulations from time to time.
- h. “**Insolvency Code**”, means Insolvency and Bankruptcy Code, 2016, as amended.
- i. “**Material Subsidiary**” means a material subsidiary of the Company as under Regulation 16(1)(c) of the SEBI Listing Regulations, or as may be amended in the SEBI Listing Regulations from time to time.
- j. “**Unlisted Material Subsidiary**” means a Material Subsidiary whose shares are not listed on any of the stock exchanges in India.
- k. “**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.
- l. “**Subsidiary**” shall have the same meaning as defined under the Companies Act.
- m. “**Unlisted Subsidiary**” means a Subsidiary of the Company whose shares are not listed on any stock exchange.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation and the rules, notifications and circulars made/issued thereunder, as amended, from time to time.

#### **4. OBJECTIVE OF THE POLICY**

The objective of this Policy is to determine the:

- a. Meaning of Material Subsidiary;
- b. Requirement of ID in certain unlisted material subsidiaries, incorporated in India;
- c. Restriction on disposal of shares of Material Subsidiary by the Company;
- d. Restriction on transfer of assets of Material Subsidiary; and
- e. Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

#### **5. IDENTIFICATION OF MATERIAL SUBSIDIARY**

The material subsidiary shall be identified in terms of the provisions of Listing Regulations as applicable for each case.

The Audit Committee shall, on an from time to time, review such details/information as may be required to determine the 'Material Subsidiaries'.

#### **6. GUIDING PRINCIPLES**

"Material Subsidiary" of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification should happen soon after preparation of annual accounts and the outcome should be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

#### **7. INVESTMENTS IN SUBSIDIARIES**

Approval of the Board is required to invest more than 10% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year in a subsidiary of the Company.

The Managing Director/Whole-time Director shall provide the following details to the Board to consider the above referred investment:

- a. Name of the company in which the Company proposes to invest;
- b. Profile of the Company;
- c. Objects of the investment;
- d. Future prospects of the company in which the Company proposes to invest; and
- e. Advantages of such investments.

While considering the proposal to invest as above the Board shall consider the following:

- a. Whether the company/business in which the Company proposes to invest have potential to increase the profitability;
- b. Whether such investment is for profit or strategic advantages;
- c. Whether the objectives set out for such investments can be achieved and

- d. Whether any alternate investment opportunity is available to achieve the objects set out for such investments.

## 8. GOVERNANCE FRAMEWORK

- a. The Audit Committee of Board of the Company shall review:
- the financial statements, in particular, the investments made by the Unlisted Subsidiary.
  - Utilization of loans and/ or advances from/investment in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments.
- b. The minutes of the board meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- c. The management of the Unlisted Subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions or Arrangements entered into by the Unlisted Subsidiary.
- d. At least one Independent Director on the Board shall be appointed as a director on the board of directors of an Unlisted Material Subsidiary, whether incorporated in India or not. (for this purpose of this clause notwithstanding anything to the contrary to this Policy and to the Regulation 16 of the Listing Regulations the term material subsidiary shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year).

## 9. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

The Company shall not dispose off shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent (50%) or cease the exercise of control over such Material Subsidiary without passing a special resolution in its general meeting except in such cases where 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.

## 10. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY

The Company shall not sell, dispose and lease of assets amounting to more than twenty percent [20%] 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 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.

## 11. Disclosure under Regulation 30 of SEBI Regulations

The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company, in accordance with Regulation 30(9) of the SEBI Listing Regulations.

## 12. REPORTING AND DISCLOSURE

As prescribed under Regulation 46(2)(h) of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

## 13. REVIEW OF THE POLICY

The Board of Directors of the Company or any duly authorized committee thereof, subject to applicable laws, may amend, suspend, or rescind this Policy at any time. Any difficulties or

ambiguities in the Policy will be resolved by the Board of Directors or such committee in line with the broad intent of the Policy. The Board of Directors or such committee may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law dealing with the related party transactions, such applicable law in force from time to time shall prevail over this Policy.

#### **14. COMPLIANCE RESPONSIBILITY**

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

The policy has been approved by the Board of Directors at their meeting held on August 12, 2022 and last reviewed at its meeting held on 30<sup>th</sup> January, 2024.

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