



**POLICY FOR DETERMINING MATERIAL
SUBSIDIARY COMPANIES**

Housing Development Finance Corporation Limited

Regd. Office: Ramon House, 169, Backbay Reclamation, Churchgate, Mumbai 400020.

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CIN: L70100MH1977PLC019916

Approving Authority:	Board of Directors of the Corporation
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Policy Making Body:	Executive Management
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Effective Date:	August 1, 2018
Review Cycle:	Annually or as recommended by the Board

1. Scope and Purpose

The Corporation has formulated and adopted this policy (“Policy”) for determining material subsidiary companies in terms of SEBI (Listing Obligations and Disclosure Requirements), 2015 (“Listing Regulations”). The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Corporation.

This amended Policy shall deem to have come into effect from August 1, 2018. This Policy may be amended, pursuant to the recommendation of the Whole-time Directors of the Corporation and subject to the approval of the Board of Directors of the Corporation.

2. Definitions

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them, in the Applicable Law under reference.

‘Applicable Law’ includes (a) the Companies Act, 2013 (the Act) including Companies (Amendment) Act, 2017 and rules made thereunder; (b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations); (c) Indian Accounting Standards; and (d) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

3. Criteria for determining Material Subsidiary

In terms of the Listing Regulations, a subsidiary company of the Corporation shall be considered as ‘material’, if:-

- a. its income exceeds 10% of the consolidated net income of the Corporation and its subsidiary companies in the immediately preceding accounting year; or
- b. its net worth exceeds 10% of the consolidated net worth of the Corporation and its subsidiary companies in the immediately preceding accounting year.

The Corporation shall annually obtain a certificate from its Statutory Auditors to assess which of its subsidiary companies can be deemed to be a material subsidiary company for the purpose of the Listing Regulations and the said certificate shall be placed before the meeting of the Board of the Corporation for its noting.

In terms of this Policy, it shall be the responsibility of the Corporation to ascertain which of its subsidiary companies can be deemed to be a Material Subsidiary Company for the purpose of the Listing Regulations and ensure adherence to the relevant provisions stated therein.

4. Compliances

4.1 All subsidiaries

- a. The minutes of the meetings of the Board of Directors of unlisted subsidiary company shall be placed before the Board of the Corporation.
- b. The Audit Committee of the Board of Directors of the Corporation shall review the financial statements, in particular, the investments made by unlisted subsidiary company.
- c. The management of the unlisted subsidiary company shall periodically bring to the attention of the Board of the Corporation, a statement of all significant transactions and arrangements entered into by unlisted subsidiary company.

Explanation - For the purpose of this regulation, the term "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.

4.2 Material unlisted subsidiaries

The Corporation shall appoint any one of its independent directors as a director on the board of directors of unlisted material subsidiary company, whether incorporated in India or not.

For the purpose of this requirement, an unlisted material subsidiary company shall mean an unlisted subsidiary company, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Corporation and its subsidiaries in the immediately preceding accounting year.

4.3 Material subsidiaries (whether listed or not)

- a. The Corporation shall not dispose of shares in its material subsidiary resulting in reduction of 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 divestment is made under a scheme of arrangement duly approved by a Court/Tribunal
- b. Sell, dispose or lease the assets of the material subsidiary company amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year except in case where such sale, disposal or lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

5. Disclosures

As mandated under the Listing Regulations, the Corporation shall disclose this Policy on its website i.e. www.hdfc.com and a web link thereto shall be provided in its Annual Report.

6. Policy Review

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or any other Applicable Law or as may be otherwise prescribed by the Board from time to time.

7. Scope and Limitation

In the event of any conflict between the provisions of this Policy and the Applicable Law, the Applicable Law shall prevail over this Policy.
