

DLF LIMITED
Material Subsidiary Policy

TABLE OF CONTENTS

Sl. No.	Contents	Page No.
1.	Introduction	2
2.	Objective	2
3.	Definitions	2
4.	Policy	3
4.1	Material Subsidiary	3
4.2	Unlisted Subsidiary	3
4.3	Secretarial Audit	4
5.	Disclosure	4
6.	Policy Review	4

DLF LIMITED

MATERIAL SUBSIDIARY POLICY

[IN TERMS OF REGULATION 16(1)(c) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

1. Introduction

This Policy (*defined hereinafter*) shall be called the Material Subsidiary Policy.

2. Objectives

The Company has formulated this policy on material subsidiaries in accordance with the requirements of Regulation 16(1)(c) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”). The objectives of this policy are to provide the governance framework in relation to such subsidiaries and to determine:

- 2.1 the meaning of Material Subsidiary (*defined hereinafter*);
- 2.2 the requirement to appoint Independent Director in Material Subsidiaries;
- 2.3 restriction on disposal of shares of a Material Subsidiary by the Company;
- 2.4 restriction on transfer of assets of Material Subsidiary; and
- 2.5 disclosure requirements under the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. Definitions

Definitions of some of the key terms used in this policy are given below:

- a) ‘**Act**’ means Companies Act, 2013 and the rules made thereunder, as amended from time to time.
- b) ‘**Audit Committee**’ or ‘**Committee**’ means the audit committee constituted by the Board (*defined hereinafter*) under the provisions of the SEBI Listing Regulations and the Act.
- c) ‘**Board**’ means the members of the board of directors of DLF Limited, as constituted from time to time.
- d) ‘**Company**’ means DLF Limited.
- e) ‘**Independent Director**’ means an independent director as defined in Section 2(47) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.
- f) ‘**Material Subsidiary**’ means a Subsidiary of the Company whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
- g) ‘**Policy**’ means this Material Subsidiary Policy.
- h) ‘**Significant Transactions or Arrangements**’ 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 Subsidiary for the immediately preceding accounting year.

- i) **‘Stock Exchanges’** means the stock exchanges where the specified securities of the Company are listed.
- j) **‘Subsidiary’** has the meaning ascribed to it in Section 2(87) of the Act.
- k) **“Unlisted Subsidiary”** means an unlisted Subsidiary of the Company.

Words and expressions not defined in this Policy shall have the same meaning as contained in the Act, the SEBI Listing Regulations or any other applicable laws or regulations.

4. Policy

4.1 Material Subsidiary

- A) Unless the 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 Stock Exchanges within one day of approval of the resolution plan, the Company shall not, without approval of the shareholders by way of a special resolution in a General Meeting:
 - (i) dispose of shares in a Material Subsidiary which results in reduction in its shareholding (either on its own or together with other subsidiaries) in such Material Subsidiary to less than fifty percent (50%); or
 - (ii) cease the exercise of control over a Material Subsidiary.
- B) Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of a Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of a special resolution, unless such 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 Stock Exchanges within one day of approval of the resolution plan.
- C) At least one Independent Director on the Board of the Company shall be a Director on the board of directors of every Material Subsidiary, whether incorporated in India or not. For the purposes of this provision, notwithstanding anything to the contrary, the term “material subsidiary” shall mean a subsidiary whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4.2 Unlisted Subsidiary

- (a) The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- (b) The minutes of the meetings of the board of directors of the Unlisted Subsidiary shall be placed at the meeting of the Board. The management of the Unlisted Subsidiary shall, on a quarterly basis bring to the attention of the Board, a statement of all Significant Transactions or Arrangements entered into by the Unlisted Subsidiary.
- (c) The Audit Committee shall review the utilization of loans and/ or advances from/ investment by the Company in its Subsidiary exceeding Rupees 100 crore or ten percent

(10%) of the asset size of the Subsidiary, whichever is lower including existing loans/ advances/ investments.

4.3 Secretarial Audit

The Company and its Material 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, in such form as may be specified.

5. Disclosure

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

6. Authority/ Policy Review

- (a) This Policy has been adopted by the Board of the Company at its meeting held on 5th February, 2019 and shall be effective from 1st April, 2019.
- (b) This Policy is framed based on the Regulation 16(1)(c) of the SEBI Listing Regulations. In case of any changes in the provisions of the SEBI Listing Regulations or any other regulation which are inconsistent with the Policy, such amended provisions would prevail over the Policy.
- (c) Subject to the provisions of the Act and the SEBI Listing Regulations, in case of any interpretation issue on any matter relating to this Policy, the Audit Committee/ Board shall refer the same for legal opinion.
- (d) The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of Material Subsidiaries.
- (e) The company secretary and chief financial officer are jointly authorized to amend this Policy to be consistent with the prevailing provisions of the SEBI Listing Regulations, which shall be placed before the Audit Committee and Board for their approval.
- (f) The provisions of this Policy shall also apply to all listed Subsidiaries of the Company in so far as their Subsidiaries are concerned.

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