



LKP FINANCE LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY OF THE COMPANY

Title

This Policy shall be called 'Policy for determining material subsidiaries'.

Objective

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of the Clause 49 of the Listing Agreement (including any amendments thereof).

Definitions

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

Policy

A subsidiary shall be considered as Material if-

- the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

Requirement regarding Material Subsidiary

The Company, without passing a special resolution in its General Meeting, shall not:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.



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Additional requirement regarding Material Non-Listed Indian Subsidiary

Under the following circumstances, at least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company,:

- where the net worth of such subsidiary company exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- Where such subsidiary company's income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

Amendments

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

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 subsidiary companies.

Scope and Limitation

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

Dissemination of Policy

This policy shall be placed on the website of the Company and a weblink thereto shall be provided in the annual report of the Company.
