

LUX INDUSTRIES LIMITED

Policy for determining Materiality of Subsidiaries

<u>Version</u>	<u>2.0</u>
<u>Date of Approval</u>	<u>December 05, 2017.</u>
<u>Effective Date</u>	<u>December 05, 2017.</u>
<u>Review due on</u>	<u>2019-20.</u>
<u>Reviewed on</u>	<u>February 12,2019</u>
<u>Last modified on</u>	<u>February 12,2019</u>



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## Policy for determining Materiality of Subsidiaries

### 1. Scope Purpose and Objective

The clause under Listing Regulations extends certain principle of corporate governance to material subsidiaries of listed companies.

The Board of Directors of Lux Industries Limited (the " Company") is obliged to formulate a policy for determining "material subsidiaries" to comply with the requirements of Regulation 24 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (" SEBI(LODR) Regulations, 2015") for such material subsidiaries.

- i. This Policy is framed in accordance with the requirement of revised Regulation 24 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any amendments thereof) and is intended to ensure governance of material subsidiary companies.
- ii. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

### 2. Effective Date

The Policy shall become effective from the date of its adoption by the Board i.e. December 05, 2017.

### 3. Definitions

- "Act" shall mean the Companies Act, 2013 including the Rules made there under, as amended from time to time.
- "Applicable Laws" shall mean the Companies Act, 2013 and Rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
- "Company" shall mean Lux Industries Limited.
- "Holding Company" Holding Company in relation to one or more other companies, means a company as defined under clause 2(46) of the Act.
- "Subsidiary Company" Subsidiary Company or subsidiary in relation to any other company ( that is to say the holding company), means a company as defined under clause 2(87) of the Act.
- "Material non-listed Indian Subsidiary" The terms Material non-listed Indian subsidiary shall mean an unlisted subsidiary, incorporated in India, whose



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income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

- “Audit Committee” Audit Committee means the committee formed under section 177 of the Companies Act, 2013.

#### 4. Basis of Determining Material Subsidiary

This Policy lays down the basis of determining Material Subsidiaries of Company and related issues as specified in the provisions of Regulation 24 of the SEBI(LODR) Regulations, 2015.

A Subsidiary shall be considered as material if the investment of Lux Industries Limited in the subsidiary exceeds ten percent of its consolidated net worth as per the audited Balance Sheet of the previous financial year or if the Subsidiary has generated 10% of the consolidated income of Lux Industries Limited during the previous financial year.

On the basis of the above, Lux Industries Limited shall determine ‘material subsidiary’.

#### 5. Compliances

- **Independent Director on the Board of Material Non Listed Indian Subsidiary**  
At least One (1) Independent Director on the Board of the Company shall be a Director on the Board of a Material Non Listed Indian Subsidiary.
- **Significant Transactions/Arrangements of Unlisted Subsidiary Companies**  
The management shall periodically submit to the Board of Directors, a statement of all Significant Transactions and Arrangements entered into by Unlisted Material Subsidiary (ies).
- **Restriction on Disposal of Shares Material Subsidiary by the Company**  
The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment is under a scheme of arrangement duly approved by a court/tribunal.
- **Restriction on Disposal of Assets Material Subsidiary by the Company**  
Selling, disposing and leasing 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.



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### 6. Governance Framework

- Minutes of the Board meetings of all Subsidiary Companies shall be placed at the Board Meeting of the Company.
- The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions & arrangements entered into by the material subsidiary companies.
- The Audit Committee of the Company shall review the financial statements, in particular the investments made by material subsidiary on an annual basis.

### 7. Disclosures

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

### 8. Policy Review and Amendments

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.

