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| <b>Title</b>              | <b><i>Policy for Determining Material Subsidiaries</i></b>      |
| <b>Date of Adoption</b>   | <b><i>23/02/2016</i></b>  |
| <b>Effective Date</b>     | <b><i>23/02/2016</i></b>  |
| <b>Authorised By</b>      | <b><i>Board of Directors of LIC Housing Finance Limited</i></b> |
| <b>Last Reviewed Date</b> | <b><i>06.03.2020</i></b>  |

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **1. INTRODUCTION**

The Board of Directors ('the Board') of LIC Housing Finance Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined in this policy below:

### **2. OBJECTIVE**

This policy deals with determination of Material subsidiaries of LIC Housing Finance Limited in terms of provisions of Regulation 16(1)(c) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI(LODR) (Amendment) Regulations, 2018 notification dated 09/05/2018 which states that the Company shall formulated a policy for determination of material subsidiary and the policy is intended to ensure the governance framework of Material Subsidiary companies.

### **3. DEFINITIONS**

**"Act"** means Companies Act, 2013 & rules made there under.

**"Audit Committee or Committee"** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**"Board"** means the Board of Directors of LIC Housing Finance Limited as constituted from time to time.

**"Company"** means LIC Housing Finance Limited

**"Holding Company"** in relation to one or more other Holding company means a company of which such companies are subsidiaries companies.

**"Independent Director"** means a director of the Company who satisfies the criteria for independence under Section 149 of the Companies Act, 2013 and under Regulations 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**“Material non-listed Indian subsidiary”** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds Ten percent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

**“Material Subsidiary”** - A subsidiary shall be considered as material if the investment of the company 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 Ten percent of the consolidated income of the company during the previous financial year.

**“Subsidiary Company”** shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.

**“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 material unlisted subsidiary for the immediately preceding financial year.

#### **4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY**

A subsidiary shall be considered as a Material Subsidiary, if any of the following conditions are satisfied:

- i. If the investment of Company in the subsidiary exceeds Ten percent of its consolidated net worth as per the audited Balance Sheet of the previous financial year; or
- ii. If the subsidiary has generated Ten percent of the consolidated income of the Company during the previous financial year.

#### **5. GOVERNANCE FRAMEWORK**

- i. One Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of material non-listed Indian Subsidiary Company.
- ii. The Audit Committee of the Company shall review the financial statements, in particular the investments made by the unlisted subsidiary company.
- iii. The minutes of the Board meetings of the Unlisted Subsidiary Company shall be placed before the Board of the Company.
- iv. 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 unlisted subsidiary company.

- v. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

## **6. DISPOSAL OF MATERIAL SUBSIDIARY**

- 6.1 The Company shall not without prior approval by way of passing a special resolution in its General Meeting:
- i. Reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary; or
  - ii. Sell, dispose and lease the assets amounting to more than Ten percent of the assets of the material subsidiary on an aggregate basis during a financial year.
- 6.2 The provision of clause 6.1 shall not be applicable in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme or arrangement duly approved by Court / Tribunal.

## **7. DISCLOSURE**

This policy shall be disclosed on the Company's website at [www.lichousing.com](http://www.lichousing.com). Web link thereto shall be provided in the Annual Report of the Company.

## **8. POLICY REVIEW:**

This policy is framed pursuant to the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended vide SEBI(LODR) (Amendment) Regulations, 2018 notification dated 09/05/2018.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the committee would be put up for approval of the Board of Directors. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there is any statutory changes necessitating the amendment in the policy.