



**LUMAX INDUSTRIES LIMITED**

**POLICY ON DETERMINING MATERIAL**  
**SUBSIDIARIES**

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## **1. BACKGROUND**

The Board of Directors ('the Board') of Lumax Industries Limited (the "Company") has adopted the following policy and procedures with regards to determination of material subsidiary (ies). The Board may review and amend this Policy from time to time.

## **2. SCOPE AND PURPOSE**

As per Regulation 16(1)(c) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), as amended from time to time, the listed entities which has listed its specified securities on any recognized stock exchange(s) or its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of Rs. 500 Crore and above are required to formulate a policy for determining 'material' subsidiary. Since the Company's specified securities/non-convertible debt securities are listed, it is required to formulate a policy for determining 'material' subsidiary and disclose the same on its website and its web-link in their Annual Report. Accordingly, this policy for determining 'material' subsidiary has been reviewed and adopted by the Board of Directors of the Company in its meeting held on November 11, 2022.

## **3. OBJECTIVE OF THE POLICY**

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

## **4. DEFINITIONS**

- 4.1 "Act" means Companies Act, 2013 & Rules made there under.
- 4.2 "Audit Committee" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of the Act and the Listing Regulations.
- 4.3 "Board of Directors" or "Board" means the Board of Directors of Lumax Industries Limited, as constituted from time to time.
- 4.4 "Holding Company" pursuant to section 2(46) of the Act, Holding Company in relation to one or more other companies, means a Company of which such companies are subsidiary companies.
- 4.5 "Material Subsidiary" pursuant to Regulation 16(1)(c) of the Listing Regulations, shall mean a subsidiary, whose income or net worth exceeds Ten (10) percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 4.6 "Net Worth" means net worth as defined in sub-section (57) of section 2 of the Act and the Listing Regulations, as amended from time to time
- 4.7 "Policy" means this Policy, as amended from time to time.

- 4.8 “**Subsidiary**” means a subsidiary as defined under sub-section (87) of section 2 of the Act, as amended from time to time.
- 4.9 “**Unlisted Material Subsidiary**” shall mean an unlisted subsidiary, whose income or net worth exceeds Ten (10) percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 4.10 “**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.

Unless the content otherwise requires, words or expression contained in the policy shall bear the same meaning as in the Listing Regulations, the Act & its Rules made thereunder, as amended from time to time, or any statutory modification thereof in force in case of conflict, order of preference will be the same as mentioned above.

## **5. PROVISIONS WITH REGARD TO MATERIAL UNLISTED SUBSIDIARY & MATERIAL SUBSIDIARY COMPANIES**

- 5.1 The audit committee of the listed company shall also review the financial statements, in particular, the investment made by the unlisted subsidiary.
- 5.2 At least one independent director on the Board of Directors of the holding Company shall be a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not.
- [For this purpose, a subsidiary shall be considered material, if its income or net worth exceeds twenty percent of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.]*
- 5.3 The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with another subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in case where such disinvestment is made under a scheme of arrangement duly approved by the Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- 5.4 Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of the shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- 5.5 The management of the unlisted subsidiary shall periodically bring to the notice of the Board

of Directors of the holding Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

- 5.6 The Board of Directors of the listed holding Company should quarterly review the statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
- 5.7 The minutes of the board meeting of the unlisted subsidiary company shall be placed at the Board Meeting of the Company.
- 5.8 Material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report, given by a company secretary in practice with the annual report of the Company.

## **6. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Regulations / the Act or any other statutory enactments, rules, the provisions of such Listing Regulations/ the Act or statutory enactments ('Regulations') those regulations shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

## **7. COMPLIANCE BY STEP DOWN SUBSIDIARIES**

Where a Company has a listed subsidiary which is itself a holding Company, this policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

## **8. GUIDING PRINCIPLES**

- All the applicable provisions of laws, as amended from time to time, are to be complied in letter and spirit in implementing this Policy.
- **“Material subsidiary** “of the Company would be identified, which would include, if any:
  - ✓ Material listed Indian & foreign subsidiaries
  - ✓ Material unlisted foreign subsidiary,

as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of Directors {Board} of the Company.

- **“Material unlisted Indian subsidiary”** of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company.

## **9. NON-COMPLIANCE**

Non-compliance of the relevant provisions of the Act, read together with the Rules and the Listing Regulations will attract the penal provisions as per the respective laws.

## **10. GENERAL**

### **a) Review**

This policy will be reviewed and amended as and when required by the Board. 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.

### **b) Disclosure of the Policy**

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

### **c) Amendment**

This policy document has been last amended/modified by the Board of Directors in its meeting held on February 09, 2023.

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