



LANCO INFRA TECH LIMITED

Policy on Material Subsidiaries

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1.0 PREAMBLE

In terms of (c) of Sub-regulation 1 of Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 the Company shall formulate a policy for Determining of Material Subsidiary and such policy shall be disclosed on the Company's website.

2.0 OBJECTIVE

The Objective of this policy is to determine the Material Subsidiaries of the Company and put in place a robust governance, framework and reporting requirements of Material Subsidiaries. This Policy also aims to ensure that the Audit Committee and/or Board of Directors of the Company supervises the functioning of the Subsidiaries by way of review of Board minutes, financial statements, investments and significant transactions if any of the unlisted subsidiaries as per the Listing Regulations.

3.0 APPLICABILITY

This Policy is applicable to the Company as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

4.0 DEFINITIONS

For the purposes of this policy, the following definitions apply:

“Holding Company”: as per the Provisions of Section 2(46) of the Companies Act, 2013, Holding Company, in relation to one or more companies means a company of which such companies are subsidiary companies. For the purpose of this Policy, Holding Company means Lanco Infratech Limited.

“Subsidiary Company” as per the provisions of Section 2(87) of the Companies Act, 2013, “subsidiary company” or “subsidiary”, in relation to any other company (that is to say the Holding Company), means a company in which the Holding Company—

- (i) Controls the composition of the Board of Directors; or
- (ii) Exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.

“Material Subsidiary” shall mean a subsidiary, whose 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.

“Unlisted Subsidiary” means an unlisted Subsidiary of the Company which is incorporated in India or outside India.

“Unlisted Material Subsidiary” shall mean a Material Subsidiary which is unlisted and incorporated in India or outside India.

“Significant Transaction or Arrangement” shall 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 Material Subsidiary for the immediately preceding accounting year.

“Policy” means Policy on Material Subsidiary/ies of the Company.

“Audit Committee” means the Committee of Board of Directors of the Company constituted as per Listing agreement and Section 177 of the Companies Act, 2013.

“Board or Board of Directors” means Board of Directors of the Company including Executive, Non-Executive, Nominee and Independent Directors.

“Independent Director” means a Non-Executive Director of the Company who satisfies the criteria for independence under Section 149(6) of the Companies Act, 2013 and the Listing Regulations and appointed as Independent Director of the Company.

5.0 POLICY AND PROCEDURE:

- a. At least 1(one) Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of an Unlisted Material Subsidiary, incorporated in India.
- b. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary on quarterly basis.
- c. The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed before the Board of the Company on quarterly basis.
- d. The statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary shall be placed before the Board of the Company on quarterly basis.
- e. The list of Material Subsidiary/ies of the Company shall be placed before the Audit Committee on annual basis for review by the Audit Committee.
- f. The Company shall dispose the Shares of Material Subsidiary only by means of passing a special resolution in the General Meeting of the Company, if such disposal would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over such Material Subsidiary. The above condition is not applicable in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- g. The Company shall sell/dispose/lease the assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year, only with the prior approval of shareholders by way of special resolution. The above condition is not applicable in cases where such sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

6.0 AMENDMENT TO THE POLICY

The Audit Committee shall review this Policy on an annual or periodic basis and advise changes if any required from time to time in line with the latest law. Any change to this Policy requires approval of the Board of Directors.

7.0 IMPLEMENTATION

This Policy shall be effective from December 01, 2015.

8.0 DISCLOSURE

The Company shall disclose the Policy on Material Subsidiaries on the Company's website and a web link thereto shall be provided in the Annual Report.
