



## LADAM AFFORDABLE HOUSING LIMITED

### POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

#### 1. Purpose

This Policy is framed and revised in accordance with the requirement stated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and is intended to ensure governance of material subsidiary companies of Ladam Affordable Housing Limited.

Accordingly, the Board of Directors of Ladam Affordable Housing Limited has adopted the policy and procedures with regard to the determination of Material Subsidiaries as enumerated below.

#### 2. Policy objective

This policy is intended to ensure that Board of Directors of Company have sufficient knowledge and periodic updates of the business and operations of its Subsidiaries.

#### 3. Definitions

**“Audit Committee or Committee”** means the **“Audit Committee”** constituted by the Board of Directors of the Company, from time to time, under provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

**“Board of Director”** or **“Board”** means the Board of Directors of a Company, as constituted from time to time.

**“Company”** means Ladam Affordable Housing Limited.

**“Control”** shall have the same meaning as assigned to it under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**“Independent Director”** shall have the meaning as ascribed to the term under the Sub-regulation 1(b) of Regulation 16 the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**“Material Subsidiary”** as per clause 16(1)(c) of the Listing Regulations, a subsidiary shall be material if:



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- a. investment of Ladam Affordable Housing Limited in the subsidiary exceeds 10% of its consolidated net worth as per the audited balance sheet of the previous financial year or
- b. subsidiary has generated 10% of the consolidated turnover of Ladam Affordable Housing Limited during the previous financial year.

**“Net Worth”** shall be as defined in sub-section (57) of section 2 of the Companies Act, 2013.

**“Policy”** means this policy for determining Material Subsidiaries.

**“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.

**“Subsidiary(ies)”** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

**“Unlisted Subsidiary”** means a Subsidiary whose equity shares are not listed on any recognized stock exchange.

**“Turnover”** shall be as defined in sub-section (91) of Section 2 of the Companies Act, 2013.

#### 4. Policy for testing and determination of Material Subsidiary

##### I. Test of Material Subsidiary

In terms of Regulation 16(1)(c) the Listing Regulations, 2015, a Subsidiary of the Company shall be considered as a **‘Material Subsidiary’**, if the turnover or Net Worth of the Subsidiary exceeds 10% of Company’s consolidated turnover or Net Worth respectively of the listed entity and its subsidiaries as per the audited financial statements of the immediately preceding financial year.

##### II. Identification and determination of Material Subsidiary

- A. The management of the Company shall on an annual basis update to the Board of the Company at the Board meeting next following the meeting in which the consolidated financial statements of the Company are approved, the identity



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of companies, which basis the audited financial statements of the immediately preceding financial year, need to be included and/ or removed from in the list of Material Subsidiary(ies).

- B. All provisions relating to Material Subsidiary as stated at paragraph 5 below, shall apply to such Subsidiary from the date of such updation to the Board.

### 5. Provisions applicable to unlisted material subsidiary

At least one Independent Director of the Company shall be a director on the Board of an unlisted material subsidiary.

For the purposes of this para, the term “material subsidiary” shall mean a Subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

### 6. Provisions applicable to all Material Subsidiaries, including Unlisted Material Subsidiary

The Board, without the prior approval of the members by special resolution, shall not:

- i. dispose of shares in a Material Subsidiary that reduces the Company's shareholding (either on its own or together with other Subsidiaries) to less than or equal to 50% or relinquish the Control over the Material Subsidiary; or
- ii. sell, dispose or lease out the assets amounting to more than 20% of the assets of the Unlisted Material Subsidiary on an aggregate basis during a financial year.

Approval of members shall not be required for cases stated in paragraph 6(i) and 6(ii), if such divestment/ sale, disposal or lease is made under a scheme of arrangement duly approved by a court/tribunal.

### 7. Additional provisions applicable in respect of all Unlisted Subsidiaries, including Material Subsidiaries

- i. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary(ies).
- ii. The minutes of the meetings of the Board of all Unlisted Subsidiaries shall be placed before the Board meeting of the Company.



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- iii. The Management shall present to the Audit Committee annually in the meeting scheduled to be held in the first quarter for approval of Financial results, the list of material subsidiaries together with the details of the materiality defined herein for its review.
- iv. The management shall periodically (Annually) bring to the attention of the Board of the Directors of the Company, a statement of all significant transactions or arrangements entered into by Unlisted Subsidiary Company.

### 8. Disclosures

This “Policy on determining Material Subsidiaries” shall be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report of the Company.

Adequate disclosure relating to the subsidiary companies, as may be required under the provisions of the Companies Act, 2013 and the Listing Regulations, would be made by Ladam Affordable Housing Limited.

In case of any amendments, clarifications, circulars, etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendments, clarifications, circulars, etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendments. clarifications, circulars, etc.

Directors and Company Secretary are severally authorized to make modifications to this Policy to comply with regulatory/statutory changes, removing ambiguities, enhancing clarity, etc. The updated and amended Policy shall be placed before the Board for information.

### 9. Disclaimer

In case of any discrepancy between the above Policy, the Companies Act, 2013 and Listing Regulations or any rule or regulations made thereunder or under any other applicable statutory enactment of law, the enacted law/ rule/ regulation/ provision shall prevail over the above Policy. Any subsequent amendment/ modification in the Listing Regulations, Act and/ or applicable law in this regard shall automatically apply to this Policy.