

LUX INDUSTRIES LIMITED

Policy for determining Material Subsidiary

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<u>Date of Approval and Effective date</u>	<u>December 05, 2017</u>
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Policy for determining Material Subsidiary

1. Scope, Purpose and Objective

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 16(1)(c) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and is intended to ensure governance of such material subsidiaries.

- i. 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 and was reviewed on February 12, 2019, February 13, 2020, January 31, 2024 and February 13, 2025.

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 thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations” or “SEBI (LODR) Regulations, 2015”), as amended from time to time, and any other applicable acts, rules or regulations.
- “**Audit Committee**” shall mean the committee of the Board of Directors constituted in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, 2015.
- “**Board**” means the Board of Directors of Lux Industries Limited.
- “**Company**” shall mean Lux Industries Limited.
- “**Holding Company**” in relation to one or more other companies, means a company of which such companies are subsidiary companies as defined under Section 2(46) of the Act.
- “**Material non-listed Indian Subsidiary**” or “**Material Unlisted Subsidiary**” shall mean a subsidiary whose securities are not listed on any recognised stock exchange in India and whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- “**Material Subsidiary(ies)**” shall mean a subsidiary, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated turnover or



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net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- “**Policy**” means this policy, as amended from time to time.
- “**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 Subsidiary for the immediately preceding accounting year.
- “**Subsidiary Company**” or “**Subsidiary**” in relation to any other company (i.e. the holding company), means a company as defined under Section 2(87) of the Act.
- “**Unlisted Subsidiary**” shall mean a subsidiary whose securities are not listed on any recognized stock exchange.

4. Compliances

- **Independent Director on the Board of Unlisted Material Subsidiary**
At least one (1) Independent Director on the Board of the Company shall also be a Director on the Board of an Unlisted Subsidiary, whether incorporated in India or not, if such Unlisted Subsidiary qualifies as material - i.e., its turnover or net worth exceeds twenty percent (20%) of the consolidated turnover or net worth, respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
- **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 by Unlisted Material Subsidiary (ies).
- **Restriction on Disposal of Shares in 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 or equal to 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 or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- **Restriction on Disposal of Assets of 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 or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.



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However, this rule does not apply if the sale, disposal, or lease of assets happens between two wholly-owned subsidiaries of the listed company.

5. Governance Framework

- Minutes of the Board meetings of the Unlisted Subsidiary(ies) shall be placed at the Board Meeting of the Company.
- The Audit Committee and the Board of Directors of the Company shall review the financial statements, in particular, the investments made and a statement of all significant transactions & arrangements entered into by Unlisted Subsidiary on a quarterly basis.

Explanation - For the purpose of this regulation, the term "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.

- The Audit Committee shall review the utilization of loans and/or advances from/investment by the Company in the Subsidiary exceeding rupees 100 crores or 10% of the asset size of the concerned Subsidiary, whichever is lower, including existing loans/advances/investments or such other threshold as may be prescribed from time to time under Applicable Law or as decided by the Board.
- The Indian material non-listed Subsidiary shall undertake secretarial audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report, with the annual report of the listed entity.
- The Company shall disclose all events or information with respect to its Subsidiaries, which are material for the Company as defined/determined in the Policy of Determination of Materiality in the manner as provided in the said Policy.
- The Company shall place, on its website, the separate audited financial statements of each Subsidiary in respect of a relevant financial year, at least 21 days prior to the date of the annual general meeting of the Company.

6. Obligation of the listed Subsidiary

In case a listed Subsidiary, which is itself a holding company, the requirements under Para 4 and 5 above shall be complied with by such listed Subsidiary in so far as its Subsidiaries are concerned.

7. Interpretation

Any words and expressions used in this Policy but not specifically defined shall have the



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same meaning as prescribed under the applicable laws.

8. Policy Review and Amendments

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in this applicable law, including any clarification/circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of implementation.

The Board or the Audit Committee of the Board ("Audit Committee") subject to confirmation by Board, may review and amend this Policy from time to time.



