

L&T FINANCE HOLDINGS LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES
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VERSION CONTROL

| Version | Date of adoption | Change Reference | Owner | Approving Authority |
|----------------|-------------------------|--|--------------|----------------------------|
| 1. | October 2014 | - | Secretarial | Board of Directors |
| 2. | October 2017 | Changes to reflect the applicable regulatory provisions. | Secretarial | Board of Directors |
| 3. | October 2018 | Annual Review (No change) | Secretarial | Board of Directors |
| 4. | April 2019 | Changes to reflect the applicable regulatory provisions. | Secretarial | Board of Directors |
| 5. | October 2019 | Changes to reflect the applicable regulatory provisions. | Secretarial | Board of Directors |

1. BACKGROUND AND OBJECTIVES:

As per the provisions of Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), a company which has its equity shares listed on a stock exchange is required to formulate a policy for determining ‘material’ subsidiaries. The objective of the policy is to determine the material subsidiaries of L&T Finance Holdings Limited in accordance with the provisions of the Listing Regulations.

2. DEFINITIONS:

“**Company**” means L&T Finance Holdings Limited.

“**Policy**” means this policy for determining the material subsidiaries of the Company.

“**Subsidiary**” or “**Subsidiaries**” means subsidiary or subsidiaries of the Company as defined in sub-section (87) of Section 2 of the Companies Act, 2013.

“**Net worth**” means net worth as defined in sub-section (57) of Section 2 of the Companies Act, 2013.

3. IDENTIFICATION OF MATERIAL SUBSIDIARY:

A subsidiary company shall be considered as material, if the income or net worth of a subsidiary company exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4. GOVERNANCE FRAMEWORK:

- i. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- ii. The minutes of the meeting of the board of the unlisted subsidiary company shall be placed before the Board of the Company.
- iii. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

Explanation - 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.

- iv. At least one independent director of the Company shall be a director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

Explanation – For this clause - the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- v. The Company and its material unlisted subsidiaries incorporated in India shall

undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

5. DISPOSAL OF MATERIAL SUBSIDIARY:

- i. The Company shall not dispose shares in its material subsidiary resulting in reduction of 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 without passing a special resolution in its General Meeting except in cases where such divestment 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- ii. 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 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

6. REVIEW / REVISION OF POLICY:

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.