



Let's Solve

Policy For Determining Material Subsidiary

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A Larsen & Toubro
Group Company



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Record of Review

Version No.	Created / Modified By	Reviewed By	Authorized By	Approval/ Modification Date
1.1	Corporate Secretarial	CFO	Board of Directors	August 26, 2015
1.2	Corporate Secretarial	CFO	Audit Committee	October 24, 2018





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Background & Objectives

The objective of this policy is to determine the material subsidiaries of Larsen & Toubro Infotech Limited in accordance with Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') (including amendments thereof).

Definitions

"Company" means Larsen & Toubro Infotech Limited.

"Policy" means Policy on Material Subsidiary.

"Subsidiary" or "Subsidiaries" means Subsidiary or Subsidiaries of Larsen & Toubro Infotech Limited in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

"Net Worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the audited balance sheet, but does not include reserves created out of re-valuation of assets, write-back of depreciation and amalgamation.

All the terms not defined herein shall have the meanings assigned to them as per the provisions of the Companies Act, 2013 or the Rules framed thereunder and the SEBI Listing Regulations.

Policy

A subsidiary shall be considered as material subsidiary, if:-

- A. The net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year; or
- B. The income of the subsidiary exceeds 10% of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year.

Compliance

1. At least 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, whether incorporated in India or not. For this purpose, material subsidiary shall mean a subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth of the Company and its subsidiaries in the immediately preceding accounting year.



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2. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
3. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.
4. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
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.
5. The Company shall not dispose of 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.
6. 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.
7. Every 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.

Review and Amendments

Any amendment, variation, substitution or modification of any provision of this Policy shall be approved by the Audit Committee. However, any amendment, variation or modification on account of amendment in the Companies Act, 2013 or in the SEBI Listing Regulations shall be binding even if such amendments are not incorporated.