

# LYKIS LIMITED

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## POLICY ON MATERIAL SUBSIDIARIES

### 1. Introduction

The Board of Directors (The "Board") of Lykis Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company with effect from 1 December, 2015 in terms of Clause 16 (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR").

### 2. Policy Objective

To determine the Material Subsidiaries of Lykis Limited and to provide the governance framework for such subsidiaries.

3. All the Words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the SEBI's LODR, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

### 4. Definitions

**"Audit Committee or Committee"** means Audit Committee constituted by the Board of Director of the Company, from time to time under provisions of SEBI LODR, 2015, RBI Act and/or the Companies Act, 2013.

**Board of Directors or Board** means the Board of Directors of Lykis Limited, as constituted from time to time.

**Company** means a Company incorporated under the Companies Act, 1956 or under any other act prior to or after Companies Act, 1956.

**Independent Director** means a Director of the Company, not being a whole time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Schedule IV of the Companies Act, 2013 and the SEBI's LODR, 2015 entered into with the stock exchanges.

**Policy** means Policy on Material Subsidiary.

**Material Non Listed Indian Subsidiary** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges who income or networth (i.e. paid-up capital and free reserves) exceeds 20 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

**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 material unlisted subsidiary for the immediately preceding accounting year.

**Subsidiary** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

## 5. Policy

- i. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:
  - a. In which the Investment of the Company/Proposed Investments exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
  - b. which have generated twenty percent of the consolidated income of the Company during the previous financial year.
- ii. One Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Indian Subsidiary Company.
- iii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
- iv. The minutes of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- v. The Management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary Company.

## 6. Disposal of Material Subsidiary

The Company shall not :

- i. dispose of the shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting, except in cases where divestment is made under a scheme or arrangement duly approved by a Court/Tribunal.
- ii. sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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. Policy Review

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.