

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Pursuant to Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. INTRODUCTION:

This Policy shall be called as “**Policy on Determination of Material Subsidiary**” (hereinafter referred to as “**Policy**”) of LIC Housing Finance Limited (“**Company**”)

The Board of Directors (“**the Board**”) of LIC Housing Finance Limited has adopted the following policy and procedures with regard to Determination of Material Subsidiaries, as defined in this policy below:

2. OBJECTIVE:

This policy deals with Determination of Material Subsidiaries of LIC Housing Finance Limited has been framed in terms of provisions of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI (LODR) (Amendment) Regulations, 2018 notification dated 09/05/2018 which states that the Company shall formulated a policy for Determination of Material Subsidiary. . The policy is intended to ensure the governance framework of Material Subsidiaries of the Company.

3. DEFINITIONS:

- “**Act**” means Companies Act, 2013 & Rules made thereunder.
- “**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Section – 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- “**Board**” means the Board of Directors of LIC Housing Finance Limited as constituted from time to time.
- “**Company**” means LIC Housing Finance Limited.
- “**Holding Company**” in relation to one or more other Holding company means a company of which such companies are subsidiaries companies.

- **“Independent Director”** means a Director of the Company who satisfies the criteria for independence under Section-149 of the Companies Act, 2013 and under Regulations 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **“Material Non - Listed Indian Subsidiary”** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e.paid up capital & free reserves) exceeds ten percent of the consolidated income or networth respectively, of the company and its subsidiaries in the immediately preceding accounting year.
- **“Material Subsidiary”**- A subsidiary shall be considered as material if the income or networth of the subsidiary exceeds ten percent of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.
- **“Subsidiary Company”** shall mean a subsidiary as defined under Section-2 (87) of the Companies Act, 2013 and rules related thereto.
- **“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 material unlisted subsidiary for the immediately preceding financial year.

4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY:

A subsidiary of the Company shall be considered ‘Material’ if the income or net worth of the subsidiary exceeds 10% of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

5. GOVERNANCE FRAMEWORK:

One Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of material unlisted Subsidiary Company.

6. DISPOSAL OF MATERIAL SUBSIDIARY:

6.1.The Company shall not without prior approval by way of passing a Special Resolution in its General Meeting:

- (i) Reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or cease the exercise of control over the subsidiary; or

- (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

6.2. The provision of Clause 6.1 shall not be applicable in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by Court / Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and disclosure of the same is done on the recognized stock exchange within one day of the approval of the resolution plan.

7. DISCLOSURE:

This Policy shall be disclosed on the Company's website at www.lichousing.com. Web link thereto shall be provided in the Annual Report of the Company.

8. POLICY REVIEW:

This policy is framed pursuant to the provisions of the Companies Act, 2013 and Rules thereunder and the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended vide SEBI (LODR) (Amendment) Regulations, 2018 notification dated 09/05/2018.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other Regulations which makes any of the provisions in the policy inconsistent with the Act or Regulations, then the provisions of the Act or Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in Regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the committee would be put up for approval of the Board of Directors. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there is any statutory changes necessitating the amendment in the Policy.