



Policy on Determination of Material Subsidiaries and Related Matters

1. **Objective**

The objective of this policy is to determine material subsidiary and its related matters.

2. **Definition**

“Company” means Lyka Labs Limited

“Subsidiary shall have same meaning as defined under section 2(87) of the Companies Act, 2013”

“Material Subsidiary means a Subsidiary, whose Income or Net worth exceeds 10% of Consolidated Income or Net Worth respectively, of Lyka Labs Limited and its Subsidiaries in the immediately preceding Accounting year.”

3. **Identification of Material Subsidiary**

A Subsidiary shall be considered as material if:

- a. Income of the Subsidiary Company exceeds 10% of Consolidated Income of the Company as per preceding Accounting Year.
- b. Net Worth of the Subsidiary Company exceeds 10% of Consolidated Net Worth of the Company as per preceding Accounting Year.

4. **Policy and Procedure**

- a. The Management of the unlisted subsidiary shall periodically bring to the notice of the Board of directors of the Listed Company, a statement of all significant transaction and Arrangement entered into by the unlisted Subsidiary Company. The Significant Transaction or Arrangement shall mean any individual transaction or arrangement that exceeds or it's likely to exceed 10% of Total Assets or Total Liabilities or Total Revenue or Total Expenses, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year.
- b. 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 50% 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 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.
- c. 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 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.

- d. At least one Independent Director of the Company shall be a Director on the board of the Material Subsidiary. (For this provision, 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 Company and its subsidiaries in the immediately preceding accounting year.)
 - e. The Minutes of the Board Meeting of unlisted Subsidiary Company shall be placed at the Board Meeting of the Company.
 - f. Audit Committee shall periodically review financial Statement, in particulars, the investment made by the Unlisted Subsidiary Company
5. **Review of policy**
This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

Place: Mumbai

Date: 18th May, 2019