



**LADAM AFFORDABLE HOUSING LIMITED**  
(Formerly known as Ladam Finance Limited)

## **Material Subsidiary Policy**

In terms of Regulation 16(l)(c) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company is required to formulate a policy for determining 'material' subsidiaries. In compliance with the said requirement, the Board of Directors of Ladam Affordable Housing Limited has adopted the following policy and procedure with regard to determination of and matters relating to 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 effective April 1, 2019.

### **1. Objective:**

This policy is intended to ensure that Board of Directors of Company have sufficient knowledge and periodic updates of the business and operations of its Subsidiaries.

### **2. Definitions:**

**"Audit Committee or Committee"** means the "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

**"Board of Director" or "Board"** means the Board of Directors of a Company, as constituted from time to time.

**"Company"** means Ladam Affordable Housing Limited.

**"Control"** shall have the same meaning as assigned to the term under the Regulation 2(l)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**"Independent Director"** shall have the meaning as ascribed to the term under the sub regulation 1(b) of Regulation 16(l)(b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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**"Material Subsidiary"** shall have the meaning as stated in paragraph 4 of this policy.

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

**"Policy"** means this policy for determining Material Subsidiaries.

**"Unlisted Material Subsidiary"** means a Material Subsidiary whose equity shares are not listed on any recognized stock exchange in India.

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**"Significant transactions or arrangements"** means any individual transaction or arrangement that exceeds or is likely to exceed 10% of 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.

### **3. Policy for testing and determination of Material Subsidiary**

#### **Test of Material Subsidiary**

In terms of Regulation 16(l)(c) the Listing Regulations, 2015, a Subsidiary of the Company shall be considered as a 'Material Subsidiary', if the income or Net Worth of the Subsidiary exceeds 10% of Company's consolidated income or Net Worth respectively as per the audited financial statements of the immediately preceding financial year.

### **4. Provisions applicable to Unlisted Material Subsidiary**

At least one Independent Director of the Company shall be a director on the Board of an Unlisted Material Subsidiary whether incorporated in india or not.

*(For the purposes of 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 listed entity and its subsidiaries in the immediately preceding*



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*accounting year)*

**5. Additional provisions applicable in respect of all Unlisted Subsidiaries, including Material Subsidiaries**

- (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 meetings of the Board of all Unlisted Subsidiaries shall be placed before the Board meeting of the Company.
- (iii) The Management shall present to the Audit Committee annually in the meeting scheduled to be held in the first quarter for approval of Financial results, the list of material subsidiaries together with the details of the materiality defined herein for its review.
- (iv) The management shall periodically (Annually) bring to the attention of the Board of the Directors of the Company, a statement of all significant transactions or arrangements entered into by Unlisted Subsidiary Company.

**Disclosure:**

This Policy for determining material subsidiaries is to be disclosed on the Website of the Company and the Web link thereto will be provided in the Annual Report of the Company.

**Amendment:**

The Board of Directors on its own or as per the recommendation of Audit Committee can amend this policy, as and when deemed fit. Any or all the provisions of this policy would be subject to revision/ amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by the relevant statutory authorities, from time to time.

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In case of any amendments, clarifications, circulars, etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendments, clarifications, circulars, etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendments. clarifications, circulars, etc.

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