

LEADING LEASING FINANCE AND INVESTMENT CO. LIMITED

C-233 G/F Back Side, West Patel Nagar, New Delhi -110008

CIN: L65910DL1983PLC016712

(E) leadingleasing@gmail.com

(o)011 – 65632288

(W):www.llfltd.in

POLICY FOR DETERMINING ‘MATERIAL SUBSIDIARIES’

Objective

This policy shall be referred to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

Applicability

The policy shall be applicable on all ‘material’ subsidiaries of the Company.

Identification of ‘material’ subsidiary

The Company shall consider a subsidiary as a ‘material’ subsidiary if it satisfies any of the following criteria:

- a. the investment of the Company in the Subsidiary exceeds twenty per cent (20%) of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- b. the Subsidiary has generated twenty per cent (20%) of the consolidated income of the Company during the previous financial year.

Material non-listed Indian subsidiary shall mean an unlisted subsidiary, incorporated in India, whose income or net-worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

Governance Framework

- The management of the Company shall monitor and ensure that as and when any of the subsidiary is determined as a ‘material’ subsidiary, the same shall be intimated to the Audit Committee.
- The Audit Committee of the Board of the company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company. The minutes of the Board Meetings of the Unlisted Subsidiary/s shall be placed before the Board of the Company.
- 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. One Independent Director of the Company shall be a Director on the Board of the ‘material’ non-listed Indian subsidiary company.

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Restriction on disposal of shares of 'material' subsidiary

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 at its AGM, except in such cases where divestment is under a scheme of arrangement, duly approved by a court/ Tribunal.

Restriction on transfer of assets of a 'material' subsidiary

Selling, disposing and leasing of assets, amounting to 20% of the Assets of the 'material' subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution unless the sale/ disposal/ lease is made under a scheme of arrangement, duly approved by a court/ Tribunal.

Website

The Policy shall be uploaded on the website, which would address the compliance with Regulation 42(2)(h) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates that every listed entity shall have a policy on determining 'material' subsidiaries which shall be uploaded on its website.

Review of the Policy

The Policy may be amended by the Board from time to time as may be deemed necessary by the Board and in accordance with any regulatory amendments.