

## MATERIAL SUBSIDIARY POLICY

### 1. INTRODUCTION

In accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy outlines the manner in which the Company will identify its “material” subsidiary and also prescribes certain governance requirements which need to be adhered to by the Company with respect to management of its material subsidiary.

### 2. DEFINITIONS

In this Policy unless the context otherwise requires:

“**Act**” means the Companies Act, 2013 and rules issued thereunder.

“**Audit Committee**” means the audit committee constituted by the Board of the Company from time to time as required in accordance with the provisions of Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations, 2015;

“**Board**” means the board of directors of the Company;

“**Company**” means India Lease Development Limited;

“**Control**” shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

“**Independent Director**” means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the SEBI (LODR) Regulations, 2015;

“**SEBI (LODR) Regulations, 2015**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“**Significant Transaction or Arrangement**” means any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten per cent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of an unlisted subsidiary for the immediately preceding accounting year;

“**Subsidiary**” means a subsidiary as defined under Section 2(87) of the Companies Act, 2013.

“**Unlisted Subsidiary**” means a Subsidiary of the Company whose shares are not listed on any stock exchange.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and the SEBI (LODR) Regulations, 2015, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

### **3. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARIES**

“Material Subsidiary” means, except where otherwise specifically provided, a subsidiary, whose turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

### **4. GOVERNANCE REQUIREMENTS**

- i. The Company shall appoint at least 1 (one) of its independent directors on the board of directors of its unlisted Material Subsidiary, whether incorporated in India or not. For the purpose of this para, the term ‘Material Subsidiary’ shall mean a subsidiary whose turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- ii. The Audit Committee shall review the financial statements of, and, in particular, investments made by the Unlisted Subsidiary.
- iii. The Board shall review the minutes of meetings of the board of directors of the Unlisted Subsidiary which shall be placed at the meeting of the Board.
- iv. The management of the unlisted subsidiary shall periodically bring to notice of the Board a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary.
- v. The Company shall disclose all events with respect to its Subsidiaries which are material for the Company.
- vi. Every material subsidiary incorporated in India shall undertake secretarial audit as referred under Section 204 of the Companies Act, 2013 by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and the secretarial audit report shall be annexed with the annual report of the Company.

**Explanation:**

- “Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.
- “Peer Reviewed Company Secretary” means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India.

**5. DISPOSAL OF MATERIAL SUBSIDIARY**

The Company shall not without prior approval of the shareholders of the Company by way of a special resolution passed in a general meeting:

- i. dispose shares held by the Company in its Material Subsidiary which shall result in reduction of the Company’s shareholding in the Material Subsidiary (either individually or together with its other subsidiary) to less than or equal to 50% (fifty per cent) or the Company ceasing to exercise control over the Material Subsidiary; or
- ii. sell, dispose or lease assets of the Material Subsidiary which amount to more than 20% (twenty per cent) of the assets of the Material Subsidiary on an aggregate basis during a financial year.

Provided, shareholders’ approval by way of a special resolution as aforesaid will not be required, if such disinvestment or sale, disposal or lease of assets:

- i. is under a scheme of arrangement formulated under the Act and duly approved by the National Company Law Tribunal; or
  - ii. is pursuant to a resolution plan is formulated and approved under section 31 of the Insolvency and Bankruptcy Code, 2016, and the approval of the resolution plan is notified to the concerned stock exchanged within one day of the resolution plan being approved.
- iii. If such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company, prior approval of the shareholders of the Company by way of special resolution is not required.

**6. DISCLOSURE**

This Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

**7. REVIEW & AMENDMENT OF THE POLICY**

The Board on the recommendation of the Audit Committee shall review the Policy from time to time based on the changing needs and make suitable modifications as may be necessary. The Board can also amend the Policy from time to time in accordance with requirements of, and to ensure compliance with, the provisions of the SEBI (LODR) Regulations, 2015.

*In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.*



# INDIA LEASE DEVELOPMENT LIMITED

Corporate Identity Number : L74899DL1984PLC019218

Regd. Office : MGF HOUSE, 4/17-B, ASAF ALI ROAD, NEW DELHI – 110002

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GSTIN : 07AAACI0149R1ZB

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### INTRODUCTION

The Board of Directors of India Lease Development Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

### TITLE

This Policy shall be called "Policy for determining material subsidiaries".

### OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of the Clause 49 of the Listing Agreement (including any amendments thereof)

### DEFINITIONS

"Board of Directors" or "Board" means the Board of Directors of India Lease Development Limited, as constituted from time to time.

"Company" means India Lease Development Limited.

"Independent Director" means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for Independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

"Policy" means this Policy, as amended from time to time.

"Subsidiary" shall mean a subsidiary as defined under the Act and Rules made there under.

Any other term not defined therein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.





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## POLICY

A subsidiary shall be considered as Material if -

- the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

Material Non Listed Indian subsidiary shall mean a Subsidiary which is incorporated in Indian and is not listed on the Indian Stock Exchanges and whose:

- net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

## REQUIREMENT REGARDING MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not:-

- Dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- Dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

Unless in cases where the divestment / sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal.





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## REQUIREMENT REGARDING MATERIAL NON - LISTED INDIAN SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.

## AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance or material subsidiary companies.

## SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## DISSEMINATION OF POLICY

This policy shall be available on the website of the Company and the information shall be provided in the annual report of the Company.

