

EKAM LEASING AND FINANCE CO. LIMITED

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CIN No.: L74899DL1993PLC055697

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

PURPOSE OF THIS POLICY:

Ekam Leasing and Finance Co. Limited (“**Company**”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“**SEBI**”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”) lays out regulatory requirements for material subsidiary companies.

The Board of Directors (the “**Board**”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“**Policy**”) in accordance with the provisions of Regulation 16 1(c) of the Listing Regulations.

This Policy will be used to determine the material subsidiaries and material unlisted Indian subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“**Act**”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

DEFINITIONS

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

“**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 Listing Regulations.

Material Subsidiary means a Subsidiary whose income exceeds 10 percent of consolidated income of its listed holding entity in the immediately preceding accounting year or A Subsidiary whose net worth exceeds 10 percent of a consolidated net worth of its listed holding entity in the immediately preceding accounting year.

In the absence of a proper definition of Income in the LODR, a sum of operating profit as well as non-operating income may be taken while ascertaining the status of the Subsidiary. However, the definition of Net Worth is given in Regulation 2(1)(s) which is the same as the definition given in Section 2(57) of the Companies Act, 2013.

Material Unlisted Indian Subsidiary shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Significant transaction or arrangement shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total asset so total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Act and the rules made there under.

“Unlisted Subsidiary” means subsidiary whose securities are not listed on any recognize Stock Exchange.

POLICY AND PROCEDURE

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
2. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
3. The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
4. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c),the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or network respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
5. 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 section31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
6. 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 duly approved by a Court/Tribunal or under are solution 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.

DISCLOSURES

The Company shall disclose in its Board’s report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company’s website and a weblink shall be provided in the Board’s report.

COMPLIANCES FOR MATERIAL SUBSIDIARY

Regulation 24 compliance for material subsidiary Regulation 24 of the LODR prescribes the following compliance applicable to the Material Subsidiary of a Listed Entity:

- i. A Material Subsidiary shall appoint at least one Director who is an Independent Director on the Board its Holding Listed Entity. For the purpose of compliance relating to an appointment of Director, a Material Subsidiary means A Subsidiary whose income exceeds 10 percent of consolidated income of its listed holding entity in the immediately preceding accounting year or A

Subsidiary whose net worth exceeds 10 percent of a consolidated net worth of its listed holding entity in the immediately preceding accounting year.

- ii. The listed entity shall not dispose of its holding in the Material Subsidiary resulting in the reduction of its holding to less than or equal to 50% or cease the exercise of control over the subsidiary. Further, the listed entity can do so by a Special Resolution in its General Meeting.

The Material Subsidiary shall not sell, dispose or lease out its assets amounting to more than 20 percent of its total assets on an aggregate basis during any financial year.

Further, a Material Subsidiary can do so by a Special Resolution passed in the General Meeting. However, the above condition of passing Special Resolution in the General shall apply to the transaction taken place pursuant to a Resolution plan duly approved under section 31 of the IBC, and disclosure of such event shall be given to the Stock Exchange within 1 day of approval of the Resolution plan.

Secretarial Audit of a Material Subsidiary Regulation 24A of the LODR provides for a Secretarial Audit of the Material Subsidiary of a listed entity. It may be noted that even if the material subsidiary does not qualify for a Secretarial Audit under the Companies Act, 2013 it has to mandatorily undertake Secretarial Audit as stipulated in Regulation 24A of the LODR.

For Ekam and Leasing and Finance Co. Limited

**Sd/-
Rakesh Jain
(Managing Director)**