



**LEAP INDIA LIMITED  
POLICY ON MATERIAL SUBSIDIARY**



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## 1. Introduction

Pursuant to Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and other Applicable Laws (*as defined below*), LEAP India Limited (hereinafter referred to as “**the Company**”) is required to frame a policy for determining material subsidiaries (“**Policy**”), which shall be hosted on the website of the Company and the web link of the same is to be disclosed in the section titled as ‘Corporate Governance Report’ of the Annual Report of the Company. This Policy shall be governed by the provisions of the Securities and Exchange Board of India Act, 1992 (including any rules and regulations framed thereunder), the Listing Regulations and all other Applicable Laws for the time being in force.

## 2. Purpose

The board of directors of the Company (“**Board**”) have adopted the Policy for determination of the criteria for identification of a Material Subsidiary (*as defined below*), and disclosure thereof as required under the Listing Regulations and other Applicable Laws. This Policy also intends to *inter alia*, ensure governance of Material Subsidiaries by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/ arrangements, rules regarding disinvestment of shares held by the Company, as well as restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

## 3. Commencement

The Policy shall come into force with effect from the date of listing of the equity shares of face value of ₹ 1 each of the Company on BSE Limited and National Stock Exchange of India Limited. The Board will review and amend this Policy from time to time, as applicable.

#### 4. Definitions

“**Act**” means the Companies Act, 2013, and all rules, regulations, notifications and circulars made/ issued thereunder, as amended, from time to time.

“**Applicable Laws**” include any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification issued by any governmental or statutory or regulatory authority or other governmental instruction and/or mandatory standards, as may be applicable to the Company, with respect to determination of a Material Subsidiary, as amended from time to time.

“**Audit Committee**” means the committee formed under Section 177 of the Companies Act, 2013.

“**Subsidiary**” shall have the same meaning as ascribed to it under the Companies Act, 2013 and the rules made thereunder.

“**Material Subsidiary**” shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover 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 assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

Any other term not defined herein shall have the same meaning as assigned to such terms under the Act and the Listing Regulations or any other Applicable Law.

## 5. Compliances under Regulations

In terms of Regulation 24 of Listing Regulations, the Company shall make the following compliances in connection with a Material Subsidiary:-

- A) The Audit Committee of the Company shall also review the financial statements (in particular, the investments made by the unlisted subsidiary).
- B) The minutes of the meetings of the board of directors of the unlisted Subsidiary shall be placed before the Board.
- C) The management of the unlisted Subsidiary shall periodically bring to the notice of the Board, a statement of all Significant Transactions or Arrangements entered into by the unlisted subsidiary.
- D) At least one independent director on the Board shall be appointed as a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not. Explanation: Notwithstanding anything contained in this Policy, for the purpose of above, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- E) The Company shall not dispose of the shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other Subsidiaries) to less than 50% (fifty percent) or cease to exercise 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 a Court/Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within 1 (one) day of the resolution plan being approved.
- F) The Company shall not sell, dispose of or lease the assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year without the prior approval of its 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 a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within 1 (one) day of resolution plan being approved.

G) Every unlisted Material Subsidiary incorporated in India shall undertake a secretarial audit by a secretarial auditor (who shall be a peer reviewed company secretary, as defined under the Listing Regulations) and shall annex with the annual report of the Company, a secretarial audit report of the unlisted Material Subsidiary.

## **6. Policy Amendment, Review and Conflict**

Any subsequent amendment/modification in the Applicable Laws shall automatically apply to this Policy.

Subject to Applicable Laws, the Board is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any change in the Policy in accordance with this Clause 6, such change shall be updated on the Company's website within 2 (two) working days of such change.

In the event of any conflict between the provisions of this Policy and any Applicable Laws, such Applicable Law(s) in force, from time to time, shall prevail over this Policy.