

DEVKI LEASING AND FINANCE LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

*[Pursuant to Regulation 16(1) (c) of the Securities and Exchange Board of India
(Listing Obligations and
Disclosure Requirements) Regulations, 2015]*

I. Preface:

The Company has framed the Policy in accordance with the provisions of the Companies Act, 2013 read with Rules made there under as well as per Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (As amended from time to time) ('the Listing Regulations') and shall be subject to those laws or such other Rules/ Regulations.

The Securities and Exchange Board of India has amended the Listing Regulations (vide notification No. SEBI/LAD-NRO/GN/2018/10 dated 9th May 2018) and the same will come into force from 1st April 2019. Accordingly, the Policy has been amended by the Board on 30th March, 2019 to be effective from 1st April 2019.

II. Definitions

1. “**Company**” means Devki Leasing & Finance Limited.
2. “**Control**” shall include the right to appoint majority of the directors or to control the or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

3. **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto.
4. **“Material subsidiary”** is a subsidiary whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
5. **“Unlisted Material Subsidiary”** is an unlisted subsidiary, whether incorporated in India or not, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
6. **“Significant Transaction or Arrangement”** is any individual transaction or arrangement that exceeds or is likely to exceed ten percent (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.
7. **“Subsidiary”** shall have the same meaning as defined under the Companies Act, 2013 and the Rules made thereunder. Where a listed holding company has a listed subsidiary which is itself a holding company, the provisions of this SEBI Listing Regulations shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
8. Any other term not defined herein, shall have the same meaning as prescribed to it, as defined under Companies Act, 2013 and the Rules framed thereunder, the SEBI Listing Regulations, Act, Rules and Regulations framed by the Securities Exchange Board of India or any other relevant legislation/ regulation applicable to the Company.

III. Purpose

The purpose of this Policy is determination of Material Subsidiaries and to provide the governance framework for such subsidiaries and also to provide disclosure thereof, as required under SEBI Listing Regulations (including any amendments thereof).

IV. Objective

The objective of this Policy is to determine –

1. Meaning of ‘Material’ Subsidiary
2. Requirement of Independent Director in certain Unlisted Material Subsidiaries
3. Restriction on disposal of Shares of a Material Subsidiary by the Company

4. Restriction on transfer of Assets of a Material Subsidiary and Disclosure requirements, based on SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

V. Independent Director on the Board of a Unlisted Material Subsidiaries

At least one Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of an Unlisted Material Subsidiaries, whether incorporated in India or not.

VI. Significant Transactions / Arrangements of an Unlisted Material Subsidiary

The management of the Unlisted Subsidiary should periodically bring to the notice of the Board of the Company, a Statement of all Significant Transactions and Arrangements entered into by such subsidiary.

VII. Restrictions on Disposal of Shares of a Material Subsidiary

The Company shall not dispose of shares in its Material Subsidiary, resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%) or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting, except in such cases where divestment is under a scheme of arrangement, duly approved by a Court / Tribunal, or under a resolution 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.

VIII. Restriction on Transfer of Assets of a Material Subsidiary

The Company shall not sell, dispose and lease of assets, amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year, without 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, or under a resolution 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.

IX. Governance Framework

- The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

- The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.

X. Disclosures

As prescribed under Regulation 46(2)(h) of the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

XI. Review of the Policy

This Policy shall be subject to review as may be deemed necessary or in accordance with any regulatory amendments, which affects the said policy.