

APOORVA LEASING FINANCE & INVESTMENT COMPANY LIMITED

MATERIAL SUBSIDIARY POLICY

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Preamble

The board of Apoorva Leasing Finance and Investment Company Limited has approved the policy on material subsidiary.

The Objective of this Policy is to determine the “Material Subsidiaries of the Company” and to provide the Governance Framework for such Subsidiaries.

Determination of Material Subsidiary

Definitions

“**Material Subsidiary**” shall mean a Subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Unlisted Material 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 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 material unlisted Subsidiary for the immediately preceding accounting year.

“**Unlisted Subsidiary**” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

Governance Framework

- a. At least one Independent Director of the Company shall be a Director on the Board of an unlisted material Subsidiary, incorporated in India.
- b. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company.
- c. 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.
- d. The management of the unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted Subsidiary.
- e. 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 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 a Court/Tribunal.

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- f. 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.

Policy Review

This Policy shall be subject to review as may be deemed necessary by the Board of Directors/Administrative Committee and in accordance with any Regulatory Amendments.