

Hotel Leelaventure Limited

Policy for Determining Material Subsidiaries

(EFFECTIVE FROM 1TH APRIL, 2019)

Title:

This Policy shall be called 'Policy for determining Material Subsidiaries'.

Commencement:

This Policy shall come into effect from 1st October 2014.

Revision:

This policy has been revised effective from 1st April 2019.

Objective:

- a. This Policy is framed in accordance with the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof) and is intended to ensure governance of material subsidiary companies.
- b. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

Definitions:

- a. "Board" means the Board of Directors of Hotel Leelaventure Limited.
- b. "Company" means Hotel Leelaventure Limited.
- c. "Policy" means this Policy, as amended from time to time.
- d. "Net Worth" means net worth as defined in sub-section (57) of section 2 of the Companies Act 2013.

Policy:

- a. A material subsidiary as per regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall mean a subsidiary, whose income or net worth exceeds ten percent of its consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- b. At least one Independent Director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purpose of this provision “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- c. Regulation 24A, requires every listed entity and its material unlisted subsidiaries incorporated in India to undertake secretarial audit and to annex with its annual report, a secretarial audit report, given by a company secretary in practice.

- d. 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.

- e. Requirements regarding unlisted subsidiary company:

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- The Management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

EXPLANATION The term “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.

Amendments:

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

Interpretation:

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other relevant legislation / law applicable to the Company.