POLICY FOR DETERMINING MATERIAL SUBSIDIARY

LEEL ELECTRICALS LIMITED

VERSION HISTORY:

Version No.	Effective Date	Amendment /Revision Details
1.0	26.07.2024	Initial Issuance
2.0	03.01.2025	Pursuant to SEBI LODR Amendments w.e.f. 13.12.2024

1. Preamble

In accordance with the requirements of Regulation 16(1)(c) of the Securities & Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015 ("SEBI Listing Regulations"), LEEL Electricals Limited ("the Company") is required to formulate a policy for determining material subsidiaries.

2. Adoption of the Policy

The Board of Directors of the Company, post its acquisition vide Hon'ble National Company Law Tribunal ("NCLT") Order dated 21.03.2024 under the provisions of Insolvency and Bankruptcy Code, 2016, ("IBC"), adopted this policy in its Meeting (01/2024-25) held on 26.07.2024, in order to align with the relevant provisions of the Regulation 24 read with Regulation 16(1)(c) of SEBI Listing Regulations.

3. Identification of Material Subsidiary

Any company / body corporate, in accordance with Regulation 2(1)(zm) of SEBI Listing Regulations read with Section 2(87) of Companies Act, 2013, shall be considered as "subsidiary" of the Company in which the Company:

(i) <u>controls the composition of the Board of Directors</u>; or
(A company shall be deemed to be a subsidiary company of the Company even if the control referred herein or in clause (ii) is of another subsidiary company of the Company.)

(ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:
(The composition of a company's Board of Directors shall be deemed to be controlled by the Company if it, by exercise of some power exercisable at its discretion, can appoint or remove all or a majority of the directors.)

Further, any subsidiary shall be considered as a "Material Subsidiary" if the turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4. Governance Framework

a) The Company and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as may be specified, with the annual report of the Company.
(Explanation:
(i) "Secretarial Auditor" means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

(ii) "Peer Reviewed Company Secretary" means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India.)

b) At least one independent director on the Board of Directors of the Company shall be appointed as a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or outside India. For the purposes of this clause, notwithstanding anything to the contrary contained in the Clause 3 of this Policy, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent (20%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

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

d) The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed before the Board of Directors of the Company.

e) The management of the unlisted subsidiary shall periodically provide to the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by such unlisted subsidiary.
(For this purpose, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent (10%) of the total revenues, total expenses, total assets or total liabilities, as the case may be, of the unlisted subsidiary in the immediately preceding accounting year.)

f)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 or equal to fifty percent (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 a Court/Tribunal, or under a resolution plan duly approved under section 31 of the IBC and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

g) Selling, disposing and leasing of assets amounting to more than twenty percent (20%) 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 a resolution plan duly approved under section 31 of the IBC and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

(This shall not apply where such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.)

5. Amendments to the Policy

Any amendment, modification or change in the provisions of SEBI Listing Regulations or any other applicable law relating to material subsidiaries shall automatically apply to this Policy. The Board of Directors may review and amend this policy from time to time.

6. Disclosure

This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.