



RDB REAL ESTATE CONSTRUCTIONS LIMITED

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY AND GOVERNANCE OF SUBSIDIARIES

Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)], requires a listed company to frame a policy for determining a “material subsidiary”, 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.

1. GOVERNING LAWS

This policy shall be governed by the provisions of the SEBI Act, Rules and Regulations made thereunder and all other applicable laws for the time being in force.

2. PURPOSE

This Policy lays down the criteria for determining and dealing with material subsidiary of **RDB REAL ESTATE CONSTRUCTIONS LIMITED** (hereinafter referred to as “the Company”).

3. DEFINITION

“**Board of Directors**” or “**Board**” means the Board of Directors of RDB Real Estate Constructions Limited, as constituted from time to time.

“**Independent Director**” means a Director of the Company, not being a Managing Director or a Whole-time Director or a Nominee Director, and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI (LODR).

“**Subsidiary**” means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013

“**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.

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

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

4. EFFECTIVE DATE

The Policy is effective from the date of listing of Equity shares of the Company on the Stock Exchange(s).

5. COMPLIANCES UNDER REGULATIONS

In terms of Regulation 24 of SEBI (LODR), the Company shall make the following compliances in connection with the 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 at the meeting of the Board of Directors of the Company.
- C) 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.
- D) 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 subsidiary, incorporated in India, whether incorporated or not.

Explanation: For the purpose of this provision notwithstanding anything to the contrary contained in Regulation 16 of the SEBI (LODR), 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 or equal to 50% 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 Code and such an event is disclosed to the recognized stock exchanges within 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% 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 Code and such an event is disclosed to the recognized stock exchanges within one day of resolution plan being approved. However, nothing in this clause shall be applicable if such sale, disposal, or lease of assets is between two wholly-owned subsidiaries of the Company.
- G) Where the Company has a listed subsidiary, which is itself a holding company, the

provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

6. SECRETARIAL AUDIT

Material Subsidiary shall undertake secretarial audit and shall annex a Secretarial Audit Report given by a Company Secretary in Practice, in such form as specified, with the Annual Report of the Company.

7. REVIEW / AMENDMENT

The Board of Directors can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.