

RDB REALTY & INFRASTRUCTURE LIMITED

POLICY ON MATERIAL SUBSIDIARY

Introduction

The Regulations 16 of the SEBI (LODR) Regulations, 2015 extends certain principle of corporate governance to material subsidiaries of listed companies.

The Board of Directors (the “Board”) of RDB Realty & Infrastructure Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

Objective

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of the Regulations 16 of the SEBI (LODR) Regulations, 2015 (including any amendments thereof).

Definition

1. **“Act”** means Companies Act, 2013 & rules made thereunder.
2. **“Holding Company”** in relation to one or more other companies, means a company of which such companies are subsidiaries companies.
3. **“Audit Committee or Committee”** means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the SEBI (LODR) Regulations, 2015.
4. **“Board of Directors” or “Board”** means the Board of Directors of RDB Realty & Infrastructure Limited, as constituted from time to time.
5. **“Company”** means RDB Realty & Infrastructure Limited.
6. **“Independent Director”** means a Director of the Company, not being a whole time 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) Regulations, 2015.
7. **“Policy”** means this Policy, as amended from time to time.
8. **“Subsidiary Company” or “Subsidiary”** in relation to any other company (that is to say the holding company), means a company in which the holding company
 - i. Controls*the composition of the Board of Directors; or
 - ii. Exercises or controls more than one half of the total share capital either at its own or together with one or more of its subsidiary companies;

Explanation- For the purpose of this definition,-

- a. A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in clause (i) or (ii) above is of another subsidiary company of the holding company;
- b. The composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- c. The expression "**company**" includes any Body Corporate;

*The term "control" shall include the right to appoint majority of the directors or to control the management 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 shareholders agreements or voting agreements or in any other manner {Companies [Specifications of definitions details] Rules 2014}.

9. "**Material Subsidiary**" shall mean a subsidiary, whose income or net worth exceeds 10[ten] percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
10. "**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.

Policy

- i. At least one independent director on the Board of the Company shall be a director on the Board of its Unlisted Material Subsidiary.
- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- iii. The Minutes of the meetings of the Board of Directors of the Unlisted Subsidiary shall be placed before the Board of the Company.
- iv. The management shall on a quarterly basis 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.
- v. The Company, without the prior approval of the members by special resolutions, shall not:
 - a) Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50%; or
 - b) Cease the exercise of control over the Material Subsidiary; or
 - c) 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;

Except in cases where such divestment, sale, disposal, lease as the case maybe is made under a scheme of arrangement duly approved by the Court /Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event shall be disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Disclosure

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

Compliance by step down subsidiaries

Where a Company has a listed subsidiary which is itself a holding company, this policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

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.

Miscellaneous

The Board of Directors of the Company may, subject to applicable laws, is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

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, Listing Agreement or any other relevant legislation / law applicable to the Company.