

**POLICY FOR DETERMINATION  
OF MATERIAL SUBSIDIARY**

**- RSD FINANCE LIMITED**

“The Policy” has been framed by the Company pursuant to Regulation 24 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 to ensure compliance with the applicable provisions of the Listing Regulations.

## **1. Definitions:**

- (i) “Act” means the Companies Act, 2013 including any statutory modification or re-enactment thereof;
- (ii) “Subsidiary Company” is as defined under clause 2(87) of the Act;
- (iii) “Holding Company” is as defined under clause 2(46) of the Act;
- (iv) The term “**material non - listed Indian Subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (paid-up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of RSD and its subsidiaries in the immediately preceding accounting year;
- (v) 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 material unlisted subsidiary for immediate preceding accounting year.

## **2. Basis of Determining Material Subsidiary**

This Policy lays down the basis of determining Material Subsidiaries of the Company and related issues as specified in the provisions of Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Stock Exchanges.

A Subsidiary shall be considered as material if its income or net worth exceeds twenty percent of the consolidated income or net worth, respectively of RSD Limited and its subsidiaries during the immediately preceding accounting year.

On the basis of the above, RSD shall determine 'material subsidiary'.

## **3. Implementation and Approval process**

- a) As per Regulation 24 of the Listing Obligation and Disclosure Requirements, RSD shall not dispose of shares in its material subsidiary which would reduce RSD's shareholding (either on its own or together with other subsidiaries) to less than 50% or cease to exercise control over the subsidiary without passing a special resolution in its General Meeting (except in case where such divestment is made under a Scheme of Arrangement duly approved by a Court/Tribunal).

- b) Prior approval of the Shareholders by way of a Special Resolution will be obtained for sale, disposal and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on aggregate basis during the financial year (except in case where such sale/ disposal/ lease is made under a Scheme of Arrangement duly approved by a Court/Tribunal).
- c) In the event any subsidiary of RSD becomes a listed subsidiary which itself is a holding company, then this policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- d) The management of RSD 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 a material unlisted subsidiary company.