



## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **BACKGROUND**

Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) provides that listed company needs to formulate a Policy for Determining Material Subsidiaries.

Further, Regulation 46(2)(h) of the SEBI Listing Regulations provides that the listed company shall publish such policy on its website.

### **OBJECTIVES**

This Policy is framed and adopted to determine the Material Subsidiary(ies) of the Company and to provide the Governance Framework for such Subsidiary(ies). In determining whether or not a subsidiary of the Company is or has become a material subsidiary, the Company shall be guided by and follow this Policy and the applicable provisions of the SEBI Listing Regulations. Where there is a conflict between this Policy and the SEBI Listing Regulations, the provisions of the SEBI Listing Regulations shall prevail in making such determination.

“Subsidiary” shall mean as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

### **CRITERIA FOR DETERMINING “MATERIAL SUBSIDIARY”**

A subsidiary of the Company shall be considered ‘Material’ if the income or net worth of the subsidiary exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

### **GOVERNANCE FRAMEWORK**

- i. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.]

- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company (including the unlisted material subsidiary).

- iii. The minutes of the meetings of the Board of Directors of the unlisted subsidiary (including the unlisted material subsidiary) shall be placed at the meeting of the Board of Directors of the Company.
- iv. 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 (including the unlisted material subsidiary).

#### **AMENDMENTS TO THE POLICY**

The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by SEBI/Stock Exchange(s) or any other appropriate Statutory Authority.

#### **DISCLOSURE OF THE POLICY**

The Board of Directors of the Company has, at its meeting held on May 30, 2022, approved this Policy. The Company shall disclose this Policy on its website i.e. <https://www.radicokhaitan.com>. The necessary disclosure, if any, about the policy will also be made as per the requirements of LODR Regulations and Companies Act 2013.