

RKCPL LIMITED
POLICY ON MATERIAL SUBSIDIARIES

Private & Confidential

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1. TITLE
2. SCOPE
3. DEFINITIONS
4. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES
5. GOVERNANCE OF MATERIAL SUBSIDIARIES
6. AMENDMENTS
7. DISCLOSURES

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1. TITLE

This Policy on Material Subsidiaries shall be called RKCPL Limited - Policy on Material Subsidiaries.

2. SCOPE

This Policy is framed, in accordance with the requirement of revised Clause 49 of the Listing Agreement (including any statutory enactments/amendments thereof) intended to ensure governance of material subsidiary companies and is in force with immediate effect.

3. OBJECTIVE

The objective of this policy is to determine:-

- a) Meaning of material subsidiary;
- b) Requirement of Independent Director in certain unlisted material subsidiaries, incorporated in India;
- c) Restriction on disposal of Shares of a Material Subsidiary by the Company;
- d) Restriction on transfer of Assets of a Material Subsidiary; and
- e) Disclosure requirements, based on the Listing Regulations and any other laws and regulations as may be applicable to the Company.

4. DEFINITIONS

- a. "Policy" means Policy on Material Subsidiaries.
- b. "Company" means a company incorporated under the Companies Act, 2013 or under any previous company law.
- c. "Board of Directors" or "Board" means the Board of Directors of RKCPL Limited, as constituted from time to time.
- d. "Audit Committee or Committee" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and Section 177 of the Companies Act, 2013.
- e. "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 Section 149 of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
- f. "Subsidiary" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.
- g. "Unlisted Material subsidiary for requirement of appointment of Independent Director" 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.
- h. Consolidated Income or Net worth means the total income or net worth of the Company and its subsidiaries.
- i. Material non-listed Indian subsidiary means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
- j. Material subsidiary shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of

the listed entity and its subsidiaries in the immediately preceding accounting year.

- k. "Unlisted Material Subsidiary" implies an unlisted subsidiary, incorporated in India, whose Turnover or net worth exceeds 10% of the consolidated Turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
 - l. Significant transactions and arrangements shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.
 - m. "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.
5. "**Net worth**" shall mean the net worth as computed under Section 2(57) of the Companies Act 2013. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation and the rules, notifications and circulars made/issued thereunder, as amended, from time to time.

5.CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES

5.1 A subsidiary shall be a Material Subsidiary for the financial year, if any of the following conditions are satisfied:

- a. Investment of the Company in the subsidiary exceeds 20% of its consolidated net worth; or
- b. the subsidiary has generated 20% of the consolidated income of the Company during the financial year.

Net worth or Income, as the case may be, shall be as per the audited balance sheet of the previous financial year.

5.2 The Audit Committee to annually review the list of subsidiaries together with the details of the materiality defined herein, before 30th September of every year.

6. GOVERNANCE OF MATERIAL SUBSIDIARIES

6.1. At least one Independent Director of the Company shall be a director on the Board of the material non-listed Indian subsidiary company, whether incorporated in India or not.

6.2. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on a quarterly basis.

6.3. The minutes of the Board Meetings of the unlisted subsidiary company be placed before the Board of the Company on a quarterly basis.

6.4. Board of Directors of the Company review all significant transactions and arrangements entered into by the unlisted subsidiary company on a quarterly basis.

6.5. Every material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit as referred under section 204 of the Companies Act, 2013 by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and the secretarial audit report shall be annexed with the annual report of the Company.

6.6. The Company, without the prior approval of the members by Special Resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, shall not:

- a. dispose the shares held in material subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the material subsidiary; or
- c. sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Unlisted material Subsidiary.

6.7. Any loan made by the Company to its wholly owned subsidiary shall be utilised by the subsidiary company for its principle business activities.

6.8. Any loan made by bank or financial institution to the subsidiary company, for which guarantee or the security was provided by the Company, such loan shall be utilised by the subsidiary company for its principle business activities.

6.9. No loan shall be given by the Company to its subsidiary company at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan.

6.10. If conflict between two regulations viz., the Companies Act 2013 and SEBI regulations are irreconcilably inconsistent, the stricter one shall prevail.

7.DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by way of Special Resolution passed in a general meeting, shall not:

a) Dispose shares held by Company in its Material Subsidiary which shall result in reduction of Company's shareholding in the Material Subsidiary (either individually or together with its other subsidiaries) to less than or equal to fifty percent or the Company ceasing to exercise control over the Material subsidiary; or

b) 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 may be is made under a scheme of arrangement duly approved by the Court / Tribunal.

8. AMENDMENTS

This Policy may be amended by the board at any time and is subject to the (i) Amendments to the Companies Act, 2013 and (ii) further guidelines and enactments by the SEBI, including Listing Agreement. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there are any statutory changes necessitating the amendment in 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.

9. DISCLOSURES

The Policy for determining material subsidiaries is to be disclosed in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company.