



## POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

### 1. Introduction

The Securities and Exchange Board of India (“**SEBI**”), vide its Notification dated September 2, 2015, has issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**LODR**”). The Regulations come into force from December 1, 2015. As per the Regulation 16 (C) read with Regulation 24 of the LODR (as amended from time to time), the Board of Directors (“**Board**”) of Route Mobile Limited (“**Company**”) is required to frame a policy for determining material subsidiary under various applicable listing regulations.

### 2. Purpose

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

### 3. Definitions

- a) “**Act**” means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
- b) “**Applicable Law**” means any law, rules, circulars, guidelines or regulations issued by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), The Institute of Company Secretaries of India (ICSI) and other professional bodies under which the preservation of documents has been prescribed.
- c) “**Board**” means the Board of the Directors of the Company.
- d) “**Income/Revenue**” means Total Income (including other income) as per the latest audited financial statements of the Company.
- e) “**Net Worth**” means net worth as defined under Section 2(57) of the Companies Act, 2013.
- f) “**Independent Director**” shall have the meaning ascribed to such term under sub section (47) of section 2 of the Act read with sub-section (6) of section 149 of the Act and Regulation 16(b) of SEBI LODR.



- g) **"Subsidiary Company or Subsidiary"** means a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and Rules made there under.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law, rule or regulation.

#### 4. **Material Subsidiary**

A subsidiary shall be considered as material if the income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

#### 5. **Governance Framework for Material Subsidiary**

- a) The Company while disposing of 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 fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution at 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.
- b) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of 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 the resolution plan being approved.

#### 6. **Governance Framework for Unlisted Material Subsidiary**

At least one Independent Director of the Company shall be a Director on the Board of an unlisted material Subsidiary, incorporated in India and abroad.

**"Unlisted Material Subsidiary"** means a Subsidiary, which is an unlisted company, incorporated in India or abroad, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

#### 7. **Governance Framework for Unlisted Subsidiary**



- a) The audit committee of the listed entity 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 listed entity.
- c) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation.- For the purpose of this regulation, the term “Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

- d) The material unlisted Subsidiaries of the Company which are incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, prepared by a company secretary in practice.

## **8. Policy Review**

Where the terms of this Materiality Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard.

## **9. Amendments**

The Company may amend the Materiality Policy as and when it deems necessary either pursuant to any change in law or otherwise. The Company shall be free to devise and implement any supplementary or other policies and guidelines in respect hereof for better implementation of this Materiality Policy. This Materiality Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

## **10. Dissemination of the Policy**

The approved Materiality Policy shall be uploaded on the website of the Company.

*(This Policy was reviewed and modified on April 30, 2022.)*