

# **ROSMERTA DIGITAL SERVICES LIMITED**

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## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

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Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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### 1. INTRODUCTION

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “**Listing Regulations**”), requires every listed company to formulate a policy to determine the Material Subsidiary.

The Board of Directors (“the **Board**”) of Rosmerta Digital Services Limited (“the **Company**”) has adopted the following policy in accordance with the Listing Regulations. The Board of Directors of the Company may amend this Policy from time to time provided such amendments are in line with the Listing Regulations.

**This Policy will be used to determine the Material Subsidiaries and to provide the governance framework for such subsidiaries.**

### 2. APPLICABILITY/IDENTIFICATION OF A ‘MATERIAL SUBSIDIARY’

A Subsidiary shall be a Material Subsidiary if, any of the following conditions are satisfied:

- the net worth of the subsidiary exceeds 10 per cent of the consolidated net worth of Company and its subsidiaries in the immediately preceding accounting year; or
- the income of the subsidiary exceeds 10 per cent of the consolidated income of Company and its Subsidiaries in the immediately preceding accounting year.

### 3. DEFINITIONS

- a) “**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.
- b) “**Company**” means Rosmerta Digital Services Limited.
- c) “**Independent Director**” means an Independent Director referred to in section 149(6) of the Companies Act, 2013, and / or Regulation 16(b) of the Listing Regulations.
- d) “**Policy**” means policy on Material Subsidiaries.
- e) “**Subsidiary**” shall mean a subsidiary as defined under the Companies Act, 2013 and Rules made thereunder.
- f) “**Material Unlisted Indian Subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- g) “**Unlisted Subsidiary**” means a subsidiary whose securities are not listed on any recognized Stock Exchanges.

- h) **“Policy”** shall mean this ‘Policy for Determining Material Subsidiary’.
- i) **“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.
- j) **“Net worth”** as defined under Section 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

All the words and expressions used in this Policy, unless not defined herein, shall have the meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications, and Circulars made/issued thereunder, as amended, from time to time.

#### 4. POLICY

1. The Audit Committee of the Company shall review on an annual basis the financial statements, in particular, the investments made by the unlisted material subsidiaries.
2. 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 Company.
3. A statement of all Significant Transactions or Arrangements entered into by the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company.
4. A list of all subsidiaries together with the details of the materiality defined herein shall be submitted to the Audit Committee for review the same and suitable recommendations to the Board.
5. At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.
6. The Company's material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex the secretarial audit report with the annual report of the company.
7. The Company shall not without the prior approval of the Shareholders by way of Special resolution
  - a) dispose 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 50% or cease the exercise of control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal / Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 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 20% of the assets of the material subsidiary on an aggregate basis during the financial year, unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal / Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- 8. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with annual report of the Company.

## **5. DISCLOSURE**

As prescribed under Regulation 46(2)(h) of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report of the company.

## **6. REVIEW OF THE POLICY**

The audit committee shall review this Policy periodically.

## **7. LIMITATION AND AMENDMENT**

In case there are any modification(s) / amendment(s) / notification(s) / circulars(s), guidance note(s), informal guidance(s) issued by Securities Exchange Board of India EBI / Ministry of Corporate Affairs or judgements made by the Tribunal or any Court which has the effect of amendment in the Regulation(s) / Section(s) / Rule(s), the Company Secretary & Compliance Officer is authorized to make amendments/modifications in this policy as to the extent applicable. The amended policy shall be issued and published as necessary without any requirement for approval from the Board of Directors, however it shall be taken note by the Board of Directors in their ensuing Meeting(s).

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over the policy.

## **8. EFFECTIVE DATE**

This Policy shall come into effect on [09-Jul-2024]