

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

ROUTE MOBILE LIMITED

Version	Effective/Amended/Reviewed	Date
1	Effective	January 11, 2019
2	Amended	January 23, 2023
3	Amended	May 07, 2025
4	Amended	June 29, 2026

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1. INTRODUCTION

The Securities and Exchange Board of India (“**SEBI**”), *vide* its Notification dated September 2, 2015, has issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI LODR Regulations**”). The Regulations come into force from December 1, 2015. As per the Regulation 16 (1) (C) read with Regulation 24 of the **SEBI LODR Regulations** (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. APPLICABILITY

The Board has, at their meeting held on January 11, 2019, discussed and approved this policy for determination of material Subsidiary (“**Materiality Policy**”). This Materiality Policy shall be effective from the date of approval of policy by the Board.

3. PURPOSE

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

4. DEFINITIONS

- a) “**Act**” means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
- b) “**Applicable Law**” means any applicable law, rules, regulations, circulars, notifications, guidelines or standards issued by any governmental, statutory or regulatory authority, including SEBI and MCA, as amended from time to time.
- c) “**Board**” means the Board of the Directors of the Company.
- d) “**Turnover**” shall have the meaning assigned to it in Section 2(91) of the Act
- 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 Regulations**.
- 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, SEBI LODR Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law, rule or regulation.

5. MATERIAL SUBSIDIARY

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

6. RESTRICTIONS ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY

The Company shall not 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 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.

7. RESTRICTION ON DISPOSAL OF ITS ASSETS OF MATERIAL SUBSIDIARY

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. Nothing contained in this clause shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company.

8. INDEPENDENT DIRECTOR ON THE BOARD OF AN 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 turnover or net worth **exceeds twenty percent (20%)** of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

9. GOVERNANCE FRAMEWORK FOR UNLISTED SUBSIDIARY

- a) The audit committee shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company.
- b) The minutes of the meetings of the board of directors of the unlisted Subsidiary shall be placed at the meeting of the Board for noting.
- c) The management of the unlisted Subsidiary shall periodically bring to the notice of the Board, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary. **“Significant transaction or arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to **exceed ten percent (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.
- d) Material Unlisted Subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the Company.
- e) The list of Material Subsidiary/ies of the Company; if any shall be placed before the Audit Committee on annual basis for review by the Audit Committee.

10. 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.

11. 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.

12. DISSEMINATION OF THE POLICY

The approved Materiality Policy shall be uploaded under a separate section on the website of the Company at www.routemobile.com
