

RAMA STEEL TUBES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

INTRODUCTION & PURPOSE

Rama Steel Tube Limited (“Rama” or “Company”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) lays out regulatory requirements for material subsidiary companies.

The Board of Directors (the “Board”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“Policy”) in accordance with the provisions of Regulation 16 1 (c) of the Listing Regulations.

This Policy will be used to determine the material subsidiaries and material unlisted Indian subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have 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.

The Audit Committee will review the policy periodically, if any changes are necessary then Audit Committee shall recommend such changes to the Board for their Approval.

DEFINITIONS

“**Board of Directors**” or “**Board**” means the Board of Directors of Rama Steel Tubes Limited, as constituted from time to time.

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

“**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 the Act and the Listing Regulations.

“**Policy**” means this Policy, as amended from time to time.

“**Subsidiary**” shall mean a subsidiary as defined under the Act and Rules made thereunder. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulation, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

However, for the purpose of the provisions of Regulation 24 of the Listing Regulations viz. 'Corporate governance requirements with respect to subsidiary of listed entity', the term "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“**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.

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“**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.

POLICY AND PROCEDURE

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
2. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
3. The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
4. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
5. The Company shall not dispose of shares in its material subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by 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. 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.

SECRETARIAL AUDIT

Every Material Unlisted Subsidiary of the Company, incorporated in India shall undertake Secretarial Audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a Company Secretary in Practice.

AMENDMENTS

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be given for approval of the Board of Directors.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulation/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulation/Companies Act, 2013 or statutory enactments, such rules and statutory provisions shall prevail over this Policy.