

RAMKY INFRASTRUCTURE LIMITED

POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

LEGAL FRAMEWORK

Clause 49 (V) (D) under Listing Agreement extends certain principles of Corporate Governance to Material Subsidiaries of listed companies. The Board of Directors (the “Board”) of Ramky Infrastructure Limited (the “Company”) is obliged to formulate a policy for determining “Material Subsidiaries” to comply with the requirements of Clause 49 of the Listing Agreement for such Material Subsidiaries. In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such amendment (s), clarification (s), circular (s) etc.

PURPOSE OF THE POLICY

Besides determining the Material Subsidiaries and disclosure thereof as required by Clause 49 (V) of the Listing Agreement and any other Laws and Regulations as may be applicable to the Company, the Policy on Material Subsidiaries (this “Policy”) intends to ensure governance of Material Subsidiaries by complying with Directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions or arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling or disposing or leasing of assets of such Subsidiaries by the Company.

DEFINITIONS

1. Act
“Act” means Companies Act, 2013 and Rules prescribed thereunder, including any statutory amendment or modification thereof.
2. Audit Committee
“Audit Committee” means the Audit Committee of the Board which as on date complies with the provisions of Section 177 of the Act read with applicable Rules and Clause 49 of the Listing Agreement.
3. Clause 49
“Clause 49” means the Clause 49 of the Listing Agreement, as entered into by the Company with the Stock Exchanges including any amendment or modification thereof.
4. Consolidated Income “Consolidated Income” means the total income of the Company and its Subsidiaries.

5. Holding Company "Holding Company" in relation to one or more other companies, means a company of which such companies are Subsidiary companies.
6. Independent Director "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 Clause 49.
7. Material Non-listed Indian Subsidiary "Material Non-listed Indian Subsidiary" shall mean an unlisted Subsidiary, incorporated in India, whose income or Net Worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or Net Worth respectively, of the listed Holding Company and its subsidiaries in the immediately preceding accounting year.
8. Material Subsidiary A Subsidiary shall be considered as Material if the investment of the company in the Subsidiary exceeds 20 % of its consolidated Net Worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated 20% of the consolidated income of the company during the previous financial year.
9. Material Related Party Transactions A transaction with a related party shall be considered Material if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.
10. Net Worth "Net Worth" shall mean the net worth as computed based on the last audited financial statements of the Company.
11. Significant Transaction or Arrangement "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 Material unlisted Subsidiary for the immediately preceding accounting year.
12. Subsidiary Company "Subsidiary Company" or "Subsidiary" in relation to any other company (that is to say the Holding Company), means a company in which the Holding Company
 - i. controls the composition of the Board; or
 - ii. exercises or controls more than one half of the total share capital either at its own or together with one or more of its Subsidiary companies.

Total Share Capital means the aggregate of the:

- (a) paid-up equity share capital; and
- (b) convertible preference share capital

Explanation- For the purpose of this definition,-

a) A company shall be deemed to be a Subsidiary company of the Holding Company even if the control referred to in clause (i) or (ii) above is of another Subsidiary company of the Holding Company;

b) The composition of a company's Board shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors.

The term "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. (Section 2 (27), of the Act).

GUIDING PRINCIPLES

Identification of "Material Subsidiary" of the Company including any:

- Material listed Indian and foreign Subsidiaries
- Material Non-listed foreign Subsidiary shall be a one-time exercise and such exercise shall be done during each financial year and the conclusion shall be placed before the Audit Committee and the Board of the Company.

"Material Non-listed Indian Subsidiary" of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion shall be placed before the Audit Committee and the Board of the Company.

PROVISIONS WITH REGARD TO MATERIAL SUBSIDIARY COMPANIES

1. The Risk Management will be responsible for monitoring and determining which of the Subsidiaries falls within the definition of Material Subsidiary.
2. Monitoring of investments made by the Company in the Subsidiaries for the purpose of determining the Materiality of the Subsidiary shall be done whenever such an investment is made.
3. Monitoring the quantum of generation of consolidated income of the Company will be done at the time of finalizing the consolidated annual accounts of the Company.

RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

The Company shall not dispose 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 disinvestment is made under a scheme of arrangement duly approved by a Court or Tribunal or it has previously been approved by the Board for "Disinvestment".

RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY

The Company shall not sell, dispose and lease assets amounting to more than 20 % of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale or disposal or lease is made under a scheme of arrangement duly approved by Court or Tribunal.

COMPLIANCE BY STEP DOWN SUBSIDIARIES

Where the Company has a listed Subsidiary which is itself a Holding Company, this Policy shall apply to the listed Subsidiary insofar as its Subsidiaries are concerned.

DISCLOSURES

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

AMENDMENT OR REVIEW

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.