

RAIN INDUSTRIES LIMITED

POLICY ON MATERIAL SUBSIDIARIES

RAIN INDUSTRIES LIMITED

CIN: L26942TG1974PLC001693

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POLICY ON MATERIAL SUBSIDIARIES

1. Introduction

The Board of Directors (the “Board”) of Rain Industries Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy is in terms of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015).

2. Policy Objective

To determine the Material Subsidiaries of Rain Industries Limited and to provide the governance framework for such subsidiaries.

3. Definitions

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

“Board of Directors” or “Board” means the Board of Directors of Rain Industries Limited, as constituted from time to time.

“Company” means a Company incorporated under the Companies Act, 2013 or under any previous Company law.

“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 Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

“Policy” means Policy on Material Subsidiary.

“Material Subsidiary” shall mean a subsidiary whose Income or Net Worth is > 10% of the Consolidated Income or Net Worth of the Listed Entity and its Subsidiaries.

“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.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

4. Policy

- (i) One Independent Director of the Company shall be a Director on the Board of the Material Subsidiary Company whether incorporated in India or not. For the purpose of this clause, Material Subsidiary shall mean a Subsidiary whose Income or Net Worth is > 20% of the Consolidated Income or Net Worth of the Listed Entity and its Subsidiaries in the preceding accounting year.
- (ii) The Audit Committee and the Board of the Company shall review the Financial Statements, in particular, the Investments made by the unlisted Subsidiary Company.
- (iii) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- (iv) A statement of all transactions that is > 10% of the total Revenues / Expenses / Assets / Liabilities of the Unlisted Subsidiary shall be brought into notice of the Board of the Listed Entity.
- (v) Material Unlisted Subsidiaries Incorporated in India of every listed entity shall undertake Secretarial Audit.

5. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- (a) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- (b) ceases the exercise of control over the Subsidiary; or
- (c) sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary.

6. Disclosures

The Policy for determining material subsidiaries is to be disclosed to the Stock exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at www.rain-industries.com.

For **RAIN INDUSTRIES LIMITED**

JAGAN MOHAN REDDY NELLORE
MANAGING DIRECTOR
DIN: 00017633

Place: Hyderabad
Date: August 14, 2018