

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the “Board”) of Rushil Decor Ltd (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy below. This policy shall be applicable to the Company with effect from 1st December, 2015.

2. OBJECTIVE

This policy deals with determination of Material Subsidiaries of Rushil Décor Limited in terms of Explanation given under the definition of Material Subsidiary at Regulation 16(1) (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which states that “The listed entity shall formulate a policy for determining ‘material’ subsidiary.”

3. DEFINITIONS

3.1 “Act” means Companies Act, 2013 read with Rules framed there under.

3.2 “Audit Committee” or “Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.3 “Board of Director” or “Board” means the Board of Directors of Rushil Décor Limited, as constituted from time to time.

3.4 “Company” means Rushil Décor Limited.

3.5 “Holding Company” means a Holding Company as defined in sub-section (46) of section 2 of the Companies Act, 2013.

3.6 A subsidiary shall be considered as material if its income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year (“Material Subsidiary”).

3.7 “Subsidiary Company” shall mean a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013.

3.8 “Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

All the words and expressions used in this policy, unless otherwise defined in this policy, shall have meaning respectively assigned to them under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and circulars made/issued thereunder, as amended, from time to time.

4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be considered as a Material Subsidiary, if any one of the following conditions is satisfied:

- I. If the Income of Subsidiary Company exceeds ten percent of the consolidated income of the listed entity and its subsidiaries in the immediately preceding accounting year; or
- II. If the net worth of Subsidiary Company exceeds ten percent of the consolidated net worth of the listed entity and its subsidiaries in the immediately preceding accounting year.

5. PROVISION WITH REGARD TO SUBSIDIARY COMPANIES

5.1 At least one independent director on the board of directors of the Rushil Décor Limited shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.

5.2 The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

5.3 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 Rushil Décor Limited.

5.4 The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

5.5 Where a Company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned

6. DISPOSAL OF MATERIAL SUBSIDIARY

6.1 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 fifty percent 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 a Court/Tribunal.

6.2 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.

7. DISCLOSURE

7.1 As prescribed under Regulation 46(2)(h) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy shall be disclosed on the Company's website.

7.2 Web link thereto shall be provided in the section on the Corporate Governance of the Annual Report.

8. AMENDMENT AND UPDATES

8.1 The Board shall have the power, subject to applicable laws, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there is any statutory changes necessitating the amendment in the policy.

8.2 The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.
