



RUPA & COMPANY LIMITED

Policy for Determining Material Subsidiary

Effective- February 08, 2019

[As revised and approved by Board of Directors on February 08, 2019]

Rupa & Company Limited

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RUPA & COMPANY LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Objective:

- a. This Policy was initially framed in accordance with the requirement of revised Clause 49 of the erstwhile Listing Agreement [now Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] effective from 1st October 2014 and is intended to ensure governance of the Material Subsidiary(ies) (defined hereunder).
- b. The Company is required to disclose the Policy on its website and a web link thereto shall be provided in the Annual Report.
- c. In view of the amendments made *vide* SEBI Notification dated 9th May, 2018 in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy has been amended with effect from 8th February, 2019.

Definitions

“Applicable Law” shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations, 2015”), the Companies Act, 2013 and the rules made thereunder and includes any other statute, law, standards, regulations or other governmental instruction relating to corporate governance;

“Audit Committee” shall mean the committee of the Board of Directors constituted as per Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, 2015;

“Board” means the Board of Directors of Rupa & Company Limited;

“Company” means Rupa & Company Limited;

“Material Non-listed Subsidiary” or **“Material Unlisted Subsidiary”** shall mean a Subsidiary, whose securities are not listed on any of the recognised stock exchanges of India and whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year;

“Material Subsidiary” means a Subsidiary whose 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;

“Policy” means this Policy, as amended from time to time;

“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 Non-listed Subsidiary for the immediately preceding accounting year;



“**Subsidiary**” means a subsidiary, as provided under Section 2(87) of the Companies Act, 2013;

“**Unlisted Subsidiary**” shall mean a Subsidiary whose securities are not listed on any of the recognized stock exchanges of India.

Interpretation

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it under the Applicable Law.

Process of determination and compliances in respect of Material Subsidiaries

- a) The management shall, on an annual basis, present before the Audit Committee, the list of the Subsidiaries together with the details of the materiality defined herein which shall also be placed before the Board. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material non-listed Subsidiary.
- b) Once a Subsidiary is identified as Material Subsidiary, the Company shall adhere to the following procedures:
 - i. The Company shall not dispose of the shares of the 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.
 - ii. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary shall require prior approval of shareholders of the Company by way of special resolution.
 - iii. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a Material Non-listed Subsidiary.

General compliances in respect of other subsidiaries

Apart from the above, the following general compliances shall be adhered to by the Company with respect to all its Subsidiaries, whether or not they are Material Subsidiaries:

- a) The Audit Committee and the Board of Directors of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- b) The Audit Committee shall review the utilization of loans and/ or advances from/ investment by the Company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the concerned subsidiary, whichever is lower, including existing loans/advances/investments existing



as on the date of coming into force of this provision or such other threshold as may be prescribed from time to time under Applicable Law or decided by the Board.

- c) The minutes of the board meetings of the Unlisted Subsidiary shall be placed before the meetings of the Board of the Company.
- d) The management shall periodically bring to the attention of the Board of the Company, a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary.
- e) Where a Company has a listed Subsidiary, which is itself a holding company, the above provisions shall apply to such listed Subsidiary insofar as its Subsidiaries are concerned.
- f) The Indian Material non-listed Subsidiary shall undertake a secretarial audit through a company secretary in practice and shall annex with its Annual Report.
- g) The Company shall disclose all events or information with respect to its Subsidiaries, which are material for the Company as defined/ determined in the Policy of Determination of Materiality in the manner as provided in the said Policy.
- h) The Company shall place, on its website, the separate audited financial statements of each Subsidiary in respect of a relevant financial year, at least 21 days prior to the date of the annual general meeting of the Company which has been called to, inter alia, consider the accounts of that financial year.

Amendments

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

The Board or the Audit Committee of the Board (“Audit Committee”) subject to confirmation by Board, may review and amend this policy from time to time.

By order of the Board of Directors of
Rupa & Company Limited

Sd/-
Prahlad Rai Agarwala
Chairman
DIN: 00847452

Date: 08.02.2019
Place: Kolkata
