



PIL ITALICA LIFESTYLE LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

As revised and approved by the Board of Directors on 02.02.2019

Effective Date: 01.04.2019



Purpose & Scope

In terms of regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, (“the Listing Regulations”), the Board of Directors of PIL ITALICA LIFESTYLE LIMITED (“the Company”) has adopted this policy for determining Material Subsidiaries. The existing policy on material subsidiaries was revised and approved by the board of Directors in their meeting held on 02 February, 2019 and revised policy made effective from 01st April 2019.

Policy Objective

The objective of the policy is to define the Material Subsidiary of PIL Italica Lifestyle Limited and to provide Good Corporate Governance framework of such subsidiaries in compliance with the applicable regulatory requirements.

Definitions

“**Investment**” means the investments made in the securities of the Subsidiary.

“**Net Worth**” u/s 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

“**Subsidiary**” u/s 2(87) of the Companies Act, 2013 means a company in which the holding company—

- (i) Controls the composition of the Board of Directors; 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:

For the above said purpose,—

- (a) A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company’s Board of Directors 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;
- (c) The expression “company” includes any body corporate;

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (LODR) Regulations, 2015, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

Policy

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 listed entity and its subsidiaries in the immediately preceding accounting year.

Material Non Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- Income exceeds 10% of the consolidated income of the listed entity and its subsidiaries in the immediately preceding accounting years.
- Net worth exceeds 10% of the consolidated net worth of the listed entity and its subsidiaries in the immediately preceding accounting years.



A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

Presently, PIL ITALICA LIFESTYLE LIMITED does not have any material subsidiary.

Governance Framework

- a) At least one independent director of the Company shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.
- b) The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- c) 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 Company.
- d) 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.
- e) The Company shall not dispose of the 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.
- f) 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.

Applicability on Listed Subsidiaries

This policy shall be applicable to all listed subsidiaries of the Company with respect to their Subsidiaries.

Amendment

The Board of Directors may review and amend the abovementioned policy from time to time in accordance with the applicable laws. Any subsequent notification, circular, guidelines or amendments under Listing Regulation and other applicable laws as may be issued from time to time shall be mutatis mutandis applicable without further modification or amendment in this Policy.

Scope and Limitation

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (LODR) Regulation, 2015 / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

Dissemination of Policy

This policy shall be hosted on the website of the Company www.italicafurniture.com and a web link thereto shall be provided in the annual report of the Company

Effective Date

This policy is effective from 01.04.2019
