



# KWALITY PHARMACEUTICALS LIMITED

Regd. Office: Village Nagkalan, Majitha Road, Amritsar-143601

CIN :- L24232PB1983PLC005426.; Phone no. :- 91-8558820863

Email Id:- ramesh@kwalitypharma.com; Website :- www.kwalitypharma.com

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## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### 1. INTRODUCTION

The Board of Directors (the “Board”) of Kwality Pharmaceuticals Limited (the “Company”) has adopted the following policy regarding determination of Material Subsidiaries. The Board may review and amend this policy from time to time.

The Policy will be applicable to the Company effective 1st January, 2018 This Policy is in terms of Regulations 16 of the SEBI (LODR) Regulations, 2015

### 2. PURPOSE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of the Regulations 16 of the SEBI (LODR) Regulations, 2015 (including any amendments thereof).

### 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 the SEBI (LODR) Regulations, 2015.

“**Board of Directors**” or “Board” means the Board of Directors of Kwality Pharmaceuticals Limited, as constituted from time to time.

“**Company**” means Kwality Pharmaceuticals Limited

“**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 this Policy, as amended from time to time.

“**Subsidiary**” shall mean a subsidiary as defined under the Act and Rules made thereunder.

“**Material Non Listed Indian Subsidiary**” shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.



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“**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

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

### 4. POLICY

A subsidiary shall be considered as **Material** if –

- the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial 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;

- net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- Income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

### 5. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by special resolution or a resolution with majority as may be prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall not:

- a) Dispose shares in the Material Subsidiary 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 Material Subsidiary; or
- c) Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during an accounting year;



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Except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court / Tribunal.

### **6. REQUIREMENT REGARDING MATERIAL NON-LISTED INDIAN SUBSIDIARY**

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.

The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.

The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company.

The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

### **7. AMENDMENTS**

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

### **8. 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 Listing Agreement/Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

### **9. DISSEMINATION OF POLICY**

This policy shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.



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### **10. 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.

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