

**KWALITY WALL'S (INDIA) LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES &  
GOVERNANCE FRAMEWORK OF ALL SUBSIDIARIES**

## **1. OBJECTIVE**

- 1.1. Kwaliti Wall's (India) Limited ("**Company**") has formulated this policy for determination of Material Subsidiaries ("**Policy**") in accordance with explanation to regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), and it has been duly approved by the Board of Directors of the Company ("**Board**").
- 1.2. The Policy has been formulated to establish clear criteria for the determination of Material Subsidiaries and to outline a comprehensive a governance framework for all Subsidiaries including Material Subsidiaries of the Company.

## **2. DEFINITIONS**

### **2.1. Subsidiary:**

A Subsidiary Company of the Company means a subsidiary company as defined under section 2(87) of the Companies Act, 2013 ("Act") as amended from time to time.

### **2.2. Material Subsidiary:**

A Material Subsidiary shall mean a subsidiary, whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

### **2.3. Significant Transactions or Arrangements:**

Significant transactions or arrangements 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.

- 2.4. All terms mentioned in this Policy shall be read in conjunction with the Listing Regulations and the Companies Act as amended from time to time and any changes to the Act and Listing Regulations will apply mutatis mutandis to this Policy.

## **3. GOVERNANCE FRAMEWORK**

### **3.1. All Subsidiaries**

- a) The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary.
- b) The minutes of the meetings of the board of directors of all unlisted Subsidiaries shall be placed at the meeting of the Board on quarterly basis;
- c) A statement of all Significant Transactions and Arrangements entered into by the unlisted Subsidiaries shall be brought to the notice of the Board on an annual basis or such periodicity as advised by the Board.

### **3.2. Requirements regarding Material Subsidiaries**

- a) At least one independent director of the Company shall be appointed as a director on the board of unlisted Material Subsidiary, whether incorporated in India or not. For the purpose of this provision, Material Subsidiary herein shall mean a Subsidiary whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and the Subsidiaries in the immediately preceding accounting year.
- b) The Company shall not dispose of shares in its Material Subsidiaries resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%) 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, or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- c) Selling, disposing and leasing of assets amounting to more than twenty percent (20%) 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, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- d) Where a listed Subsidiary is itself a holding company, the provisions of this Policy shall apply *mutatis mutandis* to such listed Subsidiary in respect of its own subsidiaries.
- e) Every material unlisted subsidiary of the Company incorporated in India shall undertake secretarial audit by Secretarial Auditor who shall be a peer reviewed Company Secretary and shall annex a Secretarial Audit Report in such form, as may be specified, with the Annual Report.

### **4. GOVERNANCE OF THE POLICY:**

- 4.1. The Audit Committee of the Company shall review the list of Material Subsidiary annually and make suitable recommendations, including recommendation for appointment of independent director on the Board of Material Subsidiary.

### **5. CONFLICTS IN THE POLICY**

- 5.1. This Policy is framed based on the provisions of the Listing Regulations. In case of any subsequent changes in the applicable law which make the provisions in the Policy inconsistent with the applicable law, the provisions of the applicable law shall prevail over the Policy and the provisions in the Policy shall be modified in due course to make it consistent with the law.

### **6. REVIEW OF THE POLICY**

- 6.1. The Board shall periodically review the Policy, which will include an assessment of the effectiveness of the Policy.
- 6.2. The Board will discuss any revisions that may be required.

6.3. The Policy is issued upon approval by the Board, and it can be amended only with the authority of the Board.

**7. Date of Approval & Amendment, if any:**

The Policy is approved and adopted by the Board of Directors of the Company on 12 December 2025 and is effective from the same date.

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