



QUESS CORP LIMITED

POLICY FOR DETERMINING MATERIAL  
SUBSIDIARY

*ADOPTED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON MAY 17<sup>TH</sup>, 2016*

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## QUESS CORP LIMITED

### POLICY FOR DETERMINING MATERIAL SUBSIDIARY

#### 1.0 Purpose

1.1 The Board of Directors (the “**Board**”) of Quess Corp Limited (the “**Company**”) has adopted this policy for determining material subsidiary (ies) of the Company in accordance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”) or such other rules/regulations, as may be notified by Securities and Exchange Board of India from time to time.

1.2 This policy shall be effective from the date of listing.

#### 2.0 Objective of the Policy

This Policy has been framed to determine the Material Subsidiaries of the Company and to provide the governance framework for such Subsidiaries.

#### 3.0 Definitions

3.1 “**Act**” shall mean the Companies Act, 2013 and rules, notifications, circulars framed/issued thereunder, as amended, from time to time.

3.2 “**Audit Committee**” or “**Committee**” means a Committee of Directors of the Company, as constituted from time to time under Section 177 of the Companies Act, 2013 Regulation 18 of the SEBI (LODR) Regulations 2015

3.3 “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

3.4 “**Control**” shall be as defined under the Act and the rules made thereunder.

3.5 “**Independent Director**” shall mean a Director who satisfies the criteria of independence as prescribed under the Act, the rules made thereunder and the Listing Regulations 2015.

3.6 “**Material Subsidiary**” shall mean a Subsidiary of the Company whose income or net worth exceeds twenty per cent of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

3.7 “**Significant transaction or arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent (10%) 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.

3.8 “**Subsidiary**” shall be as defined under the Act and the rules made thereunder.

#### **4. Compliance to be done by the Company**

The Company, as a Holding Company, is required to comply with following:

- a. The Company shall appoint at least one Independent Director of the Company on the Board of its Material Non-Listed Indian Subsidiary Company.
- b. The Audit Committee of the Listed Holding Company shall review the financial statements, in particular, the investments made by its Unlisted Subsidiary Company/ies.
- c. The Minutes of the Board Meeting/s of the Unlisted Subsidiary Company/ies and its Significant Transactions and/or Arrangements shall be placed before the Board of the Listed Holding Company.
- d. The Management shall 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.
- e. The Company, without the prior approval of the Members by a Special Resolution, shall not:
  - i. dispose of its shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%); or ceases the exercise of control over the Subsidiary/ies except in cases where disinvestment is made under a scheme of arrangement duly approved by a Court / Tribunal; or
  - ii. sell, dispose or lease the assets amounting to more than twenty percent (20%) of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court or Tribunal.
- f. In case the Company has a listed subsidiary which itself is a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

#### **5. Communication of this Policy**

A copy of this Policy shall be handed over to the Directors of the Company within one month from the date of approval by the Board. This Policy shall also be posted on the web-site of the Company and a web link thereto shall be provided in the Annual Report of the Company.

#### **6. Amendment**

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.