



KUSHAL LIMITED
(Formerly known as Kushal Tradelink Limited)

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES



I. Preface

The board of directors (the “Board”) of KUSHAL LIMITED (the “Company”) has adopted this policy and procedures with regard to determination of Material Subsidiaries. The board may review and amend this policy from time to time (as and when required)

This Policy will be applicable to the company effective from 28th December 2015.

This Policy is in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

II. Policy Objective

To determine the Material Subsidiaries of KUSHAL LIMITED and to provide the governance framework for such subsidiaries.

III. Definitions

1. **“KUSHAL”** means “KUSHAL LIMITED”.
2. **“Board of Directors” or “Board”** means the Board of Directors of KUSHAL LIMITED, as constituted from time to time.
3. **“Audit Committee”** means the Audit Committee constituted as per Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.
4. **“Consolidated Financial Statements”** means consolidated financial statements of the Company and its subsidiaries, as the case may be and as may be required, for the immediately preceding accounting year, which have been audited by the statutory auditors of the Company.
5. **“Subsidiary Company”** means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.
6. **“Significant transaction or arrangement”** any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues on Consolidated Basis or total expenses or total assets or total liabilities, as the case may be, of the Unlisted Material Subsidiary, as per its audited financial statements for the immediately preceding accounting year.
7. **“Material Subsidiary”** means per Regulation 16 (1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
8. **“Independent Director”** Means a Director defined under Section 149(6) of Companies Act 2013 and as per regulation 16(1B) of SEBI(LODR) Regulation 2015.
9. **“Policy”** means this Policy, as amended from time to time.



IV. Guiding principles

"Material subsidiary" of the company would be identified, which would include, if any:

- a. Material listed Indian & Foreign Subsidiaries
- b. Material non-listed Indian & Foreign subsidiary

as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of Directors of the Company.

V. Procedure and Policy

1. At least one Independent Director of KUSHAL shall be a Director on the Board of the Material Non-listed Indian Subsidiary Company.
2. KUSHAL shall not, without the prior approval of the members by special resolution in its General Meeting, dispose of shares in its 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 Material Subsidiary except where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
3. KUSHAL shall not, without the prior approval of the members by special resolution, sell, dispose-off or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless the same is made under a scheme of arrangement duly approved by a Court/ Tribunal.
4. The Audit Committee of KUSHAL shall review the financial statements, in particular, the investments made by the unlisted subsidiary company, on an annual basis.
5. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed before the Board of KUSHAL on periodical basis.
6. The management of Subsidiary shall periodically bring to the attention of the Board of Directors of KUSHAL, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary.

VI. Disclosure

This policy for determining Material Subsidiaries shall be published on the website of the company and a web link thereto shall be provided in the Annual Report of the company.

Adequate disclosure relating to the subsidiary companies, as may be required under the provisions of the Companies Act, 2013 and the said Regulations would be made by company.