



**KUSHAL TRADELINK LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

**KUSHAL TRADELINK LTD.**



## I. INTRODUCTION

The Board of Directors (the “Board”) of Kushal Tradelink Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective 28<sup>th</sup> 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 Tradelink Limited and to provide the governance framework for such subsidiaries.

## III. DEFINITIONS

- **“Company”**- means Kushal Tradelink Limited (KTL)
- **“Board”** means the Board of Directors as defined in Section 2(10) of the Companies Act, 2013.
- **“Audit Committee”** means the Audit Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.
- **“Subsidiary Company”** means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.
- **“Material Subsidiary”** – As 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.
- **“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 Listing Agreement with the Stock Exchanges.
- **“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 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.



"Material non listed Indian subsidiary" of the Company would be identified, if any, 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 the Company.

## V. PROCEDURE AND POLICY

- i. At least one Independent Director of KTL shall be a Director on the Board of the **Material non- listed Indian Subsidiary Company**.
- ii. KTL 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.
- iii KTL 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.
- iv. The Audit Committee of KTL shall review the financial statements, in particular, the investments made by the **unlisted subsidiary company**, on an annual basis.
- v. The minutes of the meetings of the Board of Directors of the **unlisted subsidiary** shall be placed before the Board of KTL on periodical basis.
- vi. The management of KTL shall periodically bring to the attention of the Board of Directors of KTL, a statement of all significant transactions and arrangements entered into by the **unlisted Subsidiary**.

## VI. DISCLOSURE

This "Policy on determining Material Subsidiaries" shall be disclosed 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 KTL.

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