

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

In terms of the revised Clause 49(V)(D) of the Equity Listing Agreement, the Company is required to formulate a Policy for determining its 'Material' Subsidiaries and their governance guidelines thereof.

Commencement

This Policy shall come into effect from 1st October 2014.

Definition

“Audit Committee” means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the listing agreement and the Companies Act, 2013.

“Company” means Salora International Limited.

“Consolidate Income” means total of the income of the Company and its Subsidiaries.

"Material Non-Listed Indian Subsidiary" shall mean an Unlisted Subsidiary, incorporate in India, whose income or net-worth (i.e. paid-up capital and free reserves) exceeds 20% of its consolidated Income or net-worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

"Independent Directors" means a director of the company, who satisfies the criteria of independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

“Net-worth” means the total of paid-up capital and free reserves as computed on the basis of last accounting year’ audited financial statements.

“Policy” means this Policy, as amended from time to time.

"Significant Transaction or Agreement" shall mean any INDIVIDUAL TRANSACTION or ARRANGEMENT that exceeds or is likely to exceed, any of the following-

- a) 10% of the total revenues; or
- b) 10% of the total expenses; or
- c) 10% of the total assets; or
- d) 10% of the total liabilities,

as the case may be, of the subsidiary for the immediately preceding accounting year.

"Subsidiary" shall mean Subsidiary Company as defined under the Companies Act, 2013 and the rules made there under.

Determination of Material Subsidiary

A Subsidiary shall be considered as a “Material Subsidiary”, if it satisfies any of the following conditions:

(a) a subsidiary in which the investment of the company exceeds 20% of its consolidated net worth as per the Audited Balance Sheet of the previous financial year

or

(b) which has generated 20% or more of the consolidated income of the company during the previous year as per the audited balance sheet.

Governance and applicable compliances

- The Company shall follow the below practices in respect of all its Material Subsidiaries:
 1. The Company shall not dispose of shares in its Material Subsidiary which results in reduction in its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting except in cases where such disinvestment is made under a Scheme of arrangement duly approved by a Court/ Tribunal.
 2. Selling, disposing and leasing of Assets amounting to more than 20% of the Assets of the Material Subsidiary on an aggregate basis during a financial year, shall be done only with PRIOR APPROVAL of shareholders of the Company by way of Special Resolution, except in cases where such sale/disposal/lease is made under a Scheme of arrangement duly approved by a Court/Tribunal.
- The Company shall follow the below practices in respect of all its Material Non-Listed Indian Subsidiaries:
 1. At least one Independent Director of the Listed Holding Company shall be a Director on the Board of Directors of a Material Non-listed Indian subsidiary company.
 2. The Audit Committee of the Company shall annually review the financial statements, in particular, the investments made by the Un-Listed Indian Subsidiary.
 3. The minutes of the Board Meeting of Un-Listed Indian Subsidiary Company shall be placed at the Board Meeting of the Listed Holding Company.
 4. The Management of the Company shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions or agreements entered into by the Un-Listed Indian Subsidiary.

Disclosure

The policy shall be disclosed on the Company’s Website “www.salora.com” and in the Annual Report of the Company.

Amendments

The Board of the Company shall review and amend the policy from time to time, if required.