

The Board of Directors of Savera Industries Limited approved the following policy.

POLICY FOR DETERMINING "MATERIAL" SUBSIDIARIES

1. INTRODUCTION

The Board of Directors ("the Board") of Savera Industries Limited (the "Company") has adopted the following policy and procedures on determining "material" subsidiaries as mentioned below. The said policy shall be reviewed by the Board of Directors of the company periodically.

This policy shall apply to the company effective from 12th February, 2015 . This policy has been devised in terms of clause 49 of the listing agreement entered into with the stock exchanges.

2. OBJECTIVE

The policy objective is to determine the "material" subsidiary/ies of the Company and to provide the governance framework for such subsidiary/ies.

3. KEY DEFINITIONS

"Audit committee or committee" means "audit committee" constituted by the Board of Directors of the Company, from time-to-time, under the provisions of the Companies Act, 2013, the rules framed thereunder and the listing agreement entered into with the Stock Exchanges where the shares of the company are listed.

"Board of Director" or "Board" means the Board of directors of Savera Industries Limited, as constituted from time to time.

“Chief Financial officer” (CFO) means a person appointed as the chief financial officer of a company.

“Company” means a company incorporated under the Companies Act, 2013 or under any previous Companies Act.

“Independent director” means a director of the Company, not being a whole time director and who neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria’s for independence under the Companies Act, 2013 and the Listing Agreement entered into with the stock exchanges.

“Policy” means policy on material subsidiary.

“Material Non-Listed Indian Subsidiary” means an unlisted subsidiary, incorporated in India, whose income or networth (i.e., paid-up capital and free reserves exceeds 20% of the consolidated income or networth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

“Significant transaction or arrangement” means 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 material unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” has the meaning as assigned to it under the Companies Act, 2013 and the rules framed thereunder.

4. POLICY

1. A. Subsidiary shall be considered material if the investment of the company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.
2. At least one independent director on the Board of directors of the holding company shall be a director on the Board of Directors of the material non listed Indian subsidiary company.
3. The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
4. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board Meeting of the listed holding company.
5. The Chief Financial Officer should periodically bring to the attention of the Board of Directors of the listed company, a statement of all significant transaction and arrangements entered into by the unlisted subsidiary company.
6. The Chief Financial Officer shall present to the audit committee annually the list of such material subsidiaries together with the details of the materiality defined therein. The audit committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of independent director in the material non listed Indian subsidiary.
7. Further, where a listed holding company has a listed subsidiary which is itself a holding company, the above clauses of the policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

5. DISPOSAL OF MATERIAL SUBSIDIARY.

1. The company shall not 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 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.
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 require prior approval of shareholders by way of a special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

6. DISCLOSURES

The Company shall disclose the policy on the Company's website and a web link thereto shall be provided in the annual report.

This policy has been reviewed by the audit committee and approved by the Board.