



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

OF

SOLAR INDUSTRIES INDIA LIMITED

Effective from: March 30, 2019
1st Amended on: November 2, 2023
2nd Amended on: February 5, 2025

1. INTRODUCTION

The Board of Directors of the Company has adopted the following policy and procedures regarding determination of Material Subsidiaries.

2. OBJECTIVE

The Objective of this policy is to establish the criteria for determining material subsidiary of the Company and to outline a governance framework for such subsidiaries.

The Policy is framed in accordance with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) [including any amendments thereof].

3. DEFINITIONS

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Company**” means Solar Industries India Limited.

“**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 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Material Subsidiary**” means a Subsidiary, whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“**Material unlisted Indian Subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated turnover or net worth respectively, of the 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 ten percent (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.

4. DETERMINATION OF MATERIAL SUBSIDIARY

The Company shall consider a Subsidiary as a material subsidiary, whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of Solar Industries India Limited and its subsidiaries in the immediately preceding accounting year.

5. GOVERNANCE FRAMEWORK

- **Review by Audit Committee:**

The Audit Committee shall also review the financial statements, particularly the investments made by the unlisted subsidiary of the Company.

- **Review By Board of Director of the Company:**

The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.

The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Director of the Company, a statement of all significant transactions and arrangements entered by the unlisted subsidiary Company. A transaction or arrangement shall be considered significant if it exceeds 10 Percent of total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding financial year.

- **Appointment of Independent Director:**

At least One Independent Director of the Company shall be a director on the Board of the unlisted Material Subsidiary Company, whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- **Restrictions on Disposal of Shares:**

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 fifty percent (50%) or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting.

- Except in such cases where divestment is made under a scheme of arrangement, duly approved by a Court / Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- **Restriction on Transfer of Assets:**

Selling, disposing and leasing of Assets, amounting to more than twenty percent (20%) of the Assets of a Material Subsidiary on an aggregate basis during a financial year, shall require prior approval of shareholders of the Company by way of Special Resolution, unless the sale / disposal / lease is made under a scheme of arrangement, duly approved by a Court / Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- Except such sale, disposal or lease of assets is between two wholly owned subsidiaries of the listed entity.

- **Secretarial Audit:**

Material Unlisted Subsidiary incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

6. DISCLOSURE

As prescribed under the Regulation 16(1)(c) of the Listing Regulations, this Policy shall be disclosed in the Company's website i.e. www.solargroup.com and a web link thereto shall be provided in the Annual Report.

7. REVIEW OF THE POLICY

The Board shall review the Policy from time to time based on the changing needs and make suitable modifications as may be necessary.
