

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES
SEL Manufacturing Company Limited

TITLE:

This Policy shall be called 'Policy for determining Material Subsidiaries'.

COMMENCEMENT:

This Policy shall come into effect from 1st October 2014. The Board may review and amend this policy from time to time or replace this Policy entirely with a new Policy. This policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as amended from time to time.

OBJECTIVE:

To determine the material Subsidiaries of SEL Manufacturing Company Limited and to provide the governance framework for such subsidiaries.

DEFINITIONS:

- a. **“Board of Director”** or **“Board”** means the Board of Directors of SEL Manufacturing Company Limited.
- b. **“Company”** means SEL Manufacturing Company Limited.
- c. **“Policy”** means this Policy, as amended from time to time.
- d. **“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.
- e. **“Material Non Listed Indian Subsidiary”** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges

POLICY:

1. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
 - a. In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b. Which have generated twenty per cent of the consolidated income of the Company during the previous financial year

2. One **Independent Director** of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

5. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the Subsidiary; or
- c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary

INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.
