
MATERIAL SUBSIDIARY POLICY

**(As approved by the Board of Directors on 23rd September 2014
and revised on 30th April 2019)**

MATERIAL SUBSIDIARY POLICY

Preamble:

Securities Exchange Board of India (SEBI) through the Listing Agreement (including any statutory enactments / amendments thereof) requires all listed companies to formulate a policy for determining 'material subsidiaries', effective 1 October 2014.

The Board of Directors (the "Board") of TVS Motor Company Limited (the "Company" or "TVSM"), has, therefore, adopted the following Policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy. The Policy was approved and adopted by the Board at its meeting held on 23rd September 2014.

In terms of an amendment to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, effective 1st April 2019, the definition of the term "material subsidiary" has revised the threshold limit with reference to income or net worth of the consolidated income or net worth respectively.

1. Objective:

- 1.1 This Policy is framed, in accordance with the requirement of revised Clause 49 of the Listing Agreement (including any statutory enactments/ amendments thereof) to be effective from 1st October 2014 intended to ensure governance of material subsidiary companies.
- 1.2 The Company is required to disclose the policy in its Annual Report as well as to the stock exchanges.

2. Definitions:

Consolidated Income or Networth means the total income or networth of the Company and its subsidiaries.

Material non-listed Indian subsidiary means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

Material subsidiary includes a subsidiary incorporated outside India.

Significant transactions and arrangements shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue 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.

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts / listing agreement / regulations / rules.

1. The Companies Act, 2013 or the rules framed thereon;
2. SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015
3. Listing Agreement with Stock Exchanges;
4. Securities Contracts (Regulation) Act, 1956;
5. SEBI Act, 1992;
6. SEBI (Issue of Capital and Disclosure Requirements) Regulations;
7. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
8. SEBI (Prohibition of Insider Trading) Regulations, 1992.

3. Criteria for determining the Material subsidiaries:

- 3.1 A subsidiary shall be considered as a Material Subsidiary for the financial year, if the income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year or such other threshold limits fixed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015
- 3.2 The Audit Committee to annually review the list of subsidiaries together with the details of the materiality defined herein, before 30th September of every year.

4. Governance of Material subsidiaries:

- 4.1. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, the term “material subsidiary” 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 or such other threshold limits fixed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

- 4.2. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the subsidiary company on a quarterly basis.
- 4.3. The minutes of the Board Meetings of the subsidiary company be placed before the Board of the Company in regular intervals.
- 4.4. Board of Directors of the Company, review all the significant transactions and arrangements entered into by the subsidiary company, on a quarterly basis.
- 4.5. On the recommendation of the Nomination and Remuneration Committee of the Company, the Board may appoint such number of Independent Directors in the subsidiary company.

- 4.6. The Company, without the prior approval of the members by Special Resolution, shall not:
- a. dispose the shares held in material subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or
 - b. ceases the exercise of control over the material subsidiary; or
 - c. sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary
- 4.7. If conflict between two regulations viz., the Act 2013 and SEBI regulations are irreconcilably inconsistent, the stricter one shall prevail.

5. Amendments:

This Policy may be amended by the board at any time and is subject to the (i) amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines and enactments by the SEBI, including Listing Agreement.

6. Disclosures

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at www.tvsmotor.com.