



***BELIEVE IN THE POWER OF US***

POLICY ON MATERIAL SUBSIDIARIES

## **1. Introduction**

- 1.1 The Securities and Exchange Board of India (“SEBI”) has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).
- 1.2 Regulation 16 and 24 of Listing Regulations determine material subsidiaries of the company.
- 1.3 In view of the above, the Board of Directors of TVS Supply Chain Solutions Limited has adopted the following Policy on Material Subsidiaries on August 3, 2023.

## **2. Definitions**

- 2.1 “**Act**” means Companies Act, 2013 and Rules made thereunder.
- 2.2 “**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 and the provisions of Listing Regulations, as amended from time to time.
- 2.3 “**Board of Directors**” or “**Board**” means the Board of Directors of TVS Supply Chain Solutions Limited, as constituted from time to time.
- 2.4 “**Company**”/ “**TVS SCS**” means TVS Supply Chain Solutions Limited.
- 2.5 “**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 2.6 “**Independent Director**” means an Independent Director referred to in Section 149(6) of the Act, and / or Regulation 16(b) of the Listing Regulations.
- 2.7 “**Insolvency Code**” means the Insolvency and Bankruptcy Code, 2016.
- 2.8 “**Management**” means the Senior Management and Key Managerial Personnel of TVS Supply Chain Solutions Limited.
- 2.9 “**Material Subsidiary**” shall mean a subsidiary, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 2.10 “**Policy**” means Policy on Material Subsidiaries.
- 2.11 “**Significant Transaction or Arrangement**” shall mean 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 unlisted subsidiary of the Company for the immediately preceding accounting year.

- 2.12 **“Subsidiary” or “Subsidiaries”** means subsidiary company as defined under Section 2(87) of the Act and the rules made thereunder.

### **3. Scope & Applicability**

- 3.1 The Subsidiary shall be considered as **“Material”** as defined in clause 2.8.
- 3.2 In case if a listed holding Company has a listed subsidiary, the Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- 3.3 All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time. In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

### **4. Policy**

- 4.1 At least one Independent Director on the Board of the Company shall be a Director on the Board of the unlisted Material Subsidiary, whether incorporated in India or not.

For the above mentioned clause 4.1, the term Material Subsidiary shall mean subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, notwithstanding anything to the contrary as defined in the Policy.

- 4.2 The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.
- 4.3 The minutes of the meetings of the Board of the unlisted subsidiaries shall be placed at the meeting of the Board of the Company.
- 4.4 The Management of the unlisted subsidiary shall periodically bring to the notice of the Board of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary.
- 4.5 The Management shall present to the Audit Committee annually, the list of subsidiaries qualifying to be Material Subsidiaries.
- 4.6 The Company and its every Material Unlisted Subsidiaries 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 in such form as may be prescribed.

4.7 The Company shall not without the prior approval of the Shareholders by way of Special Resolution:

- A. Dispose off shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of Control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal / Company Law Board 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.
- B. Sell, dispose or lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court /Tribunal/ Company Law Board 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.

## **5. Disclosures**

This Policy shall be disclosed on the Company's website.

## **6. Amendments to the Policy**

- 6.1. The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant regulation and remains effective. The Board has the right to amend any provision of this Policy at its discretion.
- 6.2. In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.