TVS Holdings Limited

[Formerly known as Sundaram-Clayton Limited]

MATERIAL SUBSIDIARY POLICY

[As approved by the Board of Directors on 24th September 2014 (Effective date – 1st October 2014) and revised on 2nd May 2019, 5th February 2020 and 8th August 2024]

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Preamble:

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

The Board of Directors (the "Board") of TVS Holdings Limited (the "Company" or "TVSH"), has, therefore, adopted the following policy and procedures with regard to determination of 'material subsidiaries' ("Policy"). The Policy was approved and adopted by the Board at its meeting held on 24th September 2014.

The listing agreement was replaced by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st December 2015 ("**Listing Regulations**"). Pursuant to Regulation 16(1)(c) of the Listing Regulations, the Company has revised this Policy to ensure compliance with applicable laws.

Further, on 1st October 2018, pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the threshold limit with reference to income or net worth of the Consolidated Income or Net Worth respectively within the definition of the term 'material subsidiary' was revised and the said amendment came into effect from 1st April 2019. This Policy has been suitably amended to reflect this revision in the Listing Regulations.

1. Objective:

1.1 This Policy is framed, in accordance with the requirements of the Regulation 16(1)(c) of the Listing Regulations.

1.2 This Policy sets out the corporate governance guidelines to be followed by the Board in relation to material subsidiaries, in light of Regulation 24 of the Listing Regulations.

2. Definitions:

2.1 **Audit Committee** means the committee constituted by the Board in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

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

2.3 **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 Regulations.

2.4 **Material Unlisted Subsidiary** means a **subsidiary** that is determined as a 'material subsidiary' in accordance with this Policy and which is either incorporated in India or abroad and is not listed on the recognized stock exchanges either in India or abroad.

2.5 **Material Subsidiary** means a **subsidiary** that is determined as a 'material subsidiary' in accordance with this Policy and includes a subsidiary incorporated outside India.

2.6 **Significant Transactions or Arrangements** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year.

2.7 **Subsidiary** shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013.

Words and expressions used in this Policy but not defined therein shall have the same meanings respectively assigned to them in the Companies Act 2013 and the rules framed therein, Listing Regulations and/ or any other applicable law or regulations, as amended from time to time.

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 10% (ten percent) of the Consolidated Income or Networth respectively, in the immediately preceding accounting year or such other threshold limits fixed under the Listing Regulations.

3.2 The Audit Committee to annually review the list of Subsidiaries together with the details of the materiality defined herein, before the 30th (thirtieth) day of September of every year.

4. Governance of Material subsidiaries:

4.1 At least 1 (one) Independent Director on the Board of shall be a director on the board of directors of its Material Unlisted Subsidiary.

4.2 The Audit Committee shall review the financial statements, in particular, the investments made by its unlisted Subsidiaries on a quarterly basis.

4.3 The minutes of the meetings of the board of directors of the unlisted Subsidiary shall be placed before the Board in regular intervals.

4.4 The Board shall review all the Significant Transactions or Arrangements entered into by the unlisted Subsidiary, 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 on the board of directors of the Subsidiaries, as may be required.

4.6 The Company, without the prior approval of its shareholders by way of a special resolution, shall not:

a. dispose the shares held in its Material Subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty percent); or

b. cease the exercise of control over its Material Subsidiary; or

c. sell, dispose or lease of the assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary (on an aggregate basis during a financial year);

Unless such divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a court of law / tribunal, or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, provided that such an event is disclosed to the recognized stock exchanges within 1 (one) day of the resolution plan being approved.

4.7 If conflicts between the provisions under Companies Act, 2013 and Listing Regulations are irreconcilably inconsistent, the stricter one shall prevail. Further, in the event of any conflict between the provisions of this Policy and the Companies Act, 2013 and/ or Listing Regulations and/ or any other applicable statutory enactments, rules etc., then the provisions under Companies Act, 2013 and/ or Listing Regulations and/ or any other applicable statutory enactments, rules etc. shall prevail over this Policy.

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; (ii) Listing Regulations; and (iii) further guidelines and enactments that are issued by the SEBI from time to time.

6. Disclosures

The Policy is to be disclosed to the stock exchanges where the securities of the Company are listed, and in the annual report of the Company in accordance with applicable law. Further, a secretarial audit report issued by a practicing company secretary in relation to the unlisted Subsidiaries shall also be annexed in the Company's Annual Report. The policy shall also be uploaded on the website of the Company at www.tvsholdings.com.

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