

## Maruti Suzuki India Limited

### Policy on Subsidiary Companies

#### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Maruti Suzuki India Limited (the “**Company**”), a listed Holding Company of various subsidiary companies, has adopted this policy for determining, *inter alia*, a ‘**Material**’ subsidiary.

The Company has formulated this policy in accordance with the provisions of the Listing Regulations (*as defined below*).

#### 2. DEFINITIONS

“**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and the Companies Act, 2013, from time to time.

“**Board of Directors**” or “**Board**” means the board of directors of the Company, as constituted from time to time.

“**Code**” means the Insolvency and Bankruptcy Code, 2016, as amended, modified, supplemented or re-enacted from time to time.

“**Holding Company**” in relation to one or more other companies, means a company of which such companies are subsidiary companies.

“**Independent Director**” means an independent director referred to in Section 149(6) of the Companies Act, 2013, and as defined under Regulation 16(1)(b) of the Listing Regulations.

“**Listed Company**” means a company which has any of its securities listed on any recognized stock exchange.

“**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, modified, supplemented or re-enacted from time to time.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth (i.e. paid up capital and free reserves) respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“**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 for the immediately preceding accounting year.

**“Subsidiary Company” or “Subsidiary”** in relation to any other company (that is to say the holding Company), means a company in which the holding company –

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

*Explanation.*—For the purposes of this clause,—

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression “company” includes any body corporate.

### **3. POLICY**

#### **3.1 Compliances with respect to subsidiary companies**

- a) The Audit Committee shall review the financial statements of all subsidiary companies and, in particular, the investments made by the unlisted subsidiary companies.
- b) The minutes of the Board meetings of the unlisted subsidiary companies shall be placed at the board meeting of the Company. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies.

#### **3.2 Compliances with respect to material subsidiary companies**

- a) 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 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in cases where such 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- b) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- c) At least one independent director on the Board of the Company shall be a director on the Board of a material non listed subsidiary company, whether incorporated in India or not. The term ‘material non-listed subsidiary company’ for this purpose shall mean a company 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.

#### **4. DISCLOSURES**

This Policy shall be disclosed on the Company`s website and a web link thereto shall be provided in the annual report of the Company.

#### **5. AMENDMENT**

This Policy may be amended by the Board from time to time as and when deemed appropriate.

#### **6. Miscellaneous**

The scope of this Policy shall include any additional functions/scope as may be extended or required to be performed in terms of any amendment(s) to the provisions of the Listing Regulations.

Date of adoption - 27<sup>th</sup> January, 2015

Last amended on - 25<sup>th</sup> January, 2019