

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.

This policy is primarily framed based on the revised Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges (the “LA”) and is primarily intended to ensure compliance with the LA.

2. DEFINITIONS

“Audit Committee or Committee” means Audit Committee constituted by the Board of Directors of the Company under the provisions of LA 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.

“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 clause 49 of the LA.

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

“Material Subsidiary” a subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

“Material non-listed Indian subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company 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 material 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 share capital 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 A) Identification of material subsidiary company

A subsidiary company shall be considered as material if the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

B) Identification of material non-listed Indian subsidiary

A subsidiary shall be considered to be a material non-listed Indian subsidiary if it is an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3.2 Compliances with respect to subsidiary companies (including material subsidiary companies and material non-listed Indian 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.

3.3 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.
- 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.

3.4 Compliances with respect to material non-listed Indian subsidiary companies

At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.

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.