

DCM SHRIRAM LIMITED: NEW DELHI

Material Subsidiary Policy

1. Preface

In terms of the Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the Company is required to formulate a Policy for determining its 'Material' Subsidiaries and their governance guidelines thereof.

2. Definition

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

"Company" means DCM Shriram Ltd.

"Material Non-Listed Indian Subsidiary", shall mean a Material Subsidiary which is incorporated in India and is an unlisted subsidiary of the Company.

"Independent Director" means a director of the company, who satisfies the criteria of independence under the Companies Act, 2013 and the SEBI Listing Regulations.

"Significant Transaction or Agreement" 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 subsidiary for the immediately preceding accounting year.

"Subsidiary" shall mean Subsidiary Company as defined under the Companies Act, 2013 and the rules made there under.

3. Determination of Material Subsidiary

A Subsidiary shall be considered as a "Material Subsidiary" if it satisfies any of the following conditions :

(a) a subsidiary in which the investment of the Company exceeds 20% of its consolidated net worth as per the Audited Balance Sheet of the previous financial year

or

(b) which has generated 20% or more of the consolidated income of the Company during the previous year as per the audited balance sheet.

4. **Governance**

(i) The Company shall follow the below practices in respect of all its Material Subsidiaries

1. The Company shall not dispose of shares in its Material Subsidiary which results in reduction in 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 disinvestment is made under a Scheme of arrangement duly approved by a Court / Tribunal.
2. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary shall be done with prior approval of shareholders of the Company by way of special resolution, except in cases where such sale/disposal/lease is made under a Scheme of arrangement duly approved by a Court/Tribunal.

(ii) The Company shall follow the below practices in respect of all its Material Non-Listed Indian Subsidiaries

1. At least one Independent Director of the Company shall be a Director on the Board of Directors of a Material non-listed Indian subsidiary company
2. The Audit Committee of the Company shall annually review the financial statements; in particular the investments made by all the Material Non Listed Indian Subsidiary.
3. The minutes of the Board Meetings of Material Non Listed subsidiary Company shall be placed at the Board Meeting of the Listed Holding Company.
4. The Management of the Company shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions or agreements entered into by the Material Non Listed Indian Subsidiary.

5. **Disclosure**

The policy shall be disclosed on the Company's Website and in the Annual Report of the Company.

6. **Amendments**

The Board of the Company shall review and amend the policy from time to time, if required.