

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.

“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 whose networth exceeds 10% of the consolidated net worth of the Company as per the Audited Balance Sheet of the previous financial year

or

(b) which has 10% or more of the consolidated income of the Company as per Audited Balancesheet of the Previous Financial Year.

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 Unlisted Material subsidiary company, whether incorporated in India or not. (For the said purpose the limit of 10% to be read as 20% for determination of Material Subsidiary as defined in clause 3 of this policy).
2. The Audit Committee of the Company shall annually review the financial statements; in particular the investments made by the Unlisted Subsidiary.
3. The minutes of the Board Meetings of Unlisted 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 Unlisted Subsidiary

5. Disclosure

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

6. Amendments

Notwithstanding the above, the applicable provisions and amendments, if any, under the Companies Act, 2013 and/ or SEBI Listing Regulations/other applicable Regulations in respect of Material Subsidiary shall be applicable and implemented by the Company. The Board of the Company shall review and amend the policy from time to time, if required.