

Mahindra CIE Automotive Limited

Policy for Determining Material Subsidiaries and Governance requirements in respect of Subsidiaries

Name of the Document	Policy for determining material Subsidiaries and governance requirements in respect of Subsidiaries
Effective Date	1 st December, 2015
Approving Authority	Board of Directors
Date of last amendment	06 th May, 2019
Current Version	03
Version History	Please see Annexure A

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES AND GOVERNANCE REQUIREMENTS IN RESPECT OF SUBSIDIARIES

1. INTRODUCTION

The Regulation 16 (c) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”) requires the listed companies to formulate a policy for determining ‘material’ subsidiary.

Further, Regulation 24 of the SEBI LODR Regulations stipulates certain corporate governance requirements with respect to subsidiary of listed entity.

The Board of Directors of Mahindra CIE Automotive Limited (“**the Company**” or “**MCIE**”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries and the corporate governance requirements with respect to subsidiaries of the Company.

2. TITLE

This Policy shall be called ‘Policy for determining Material Subsidiaries and Governance requirements in respect of Subsidiaries.

3. OBJECTIVE

The objective of the Policy is to provide a framework for determination of material subsidiaries of the Company and for corporate governance requirements with respect to Subsidiary.

The Policy is framed in accordance with the requirements of SEBI LODR Regulations including any amendments thereof.

This Policy come into effect from 1st December, 2015 and has been revised in May, 2019 to align with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Regulations) 2015.

4. DEFINITIONS

- a. “**Act**” means the Companies Act 2013 and the rules made thereunder, as may be amended from time to time.
- b. “**Board of Directors**” or “**Board**” means the Board of Directors of Mahindra CIE Automotive Limited, as constituted from time to time.
- c. “**Company**” or “**MCIE**” means Mahindra CIE Automotive Limited.
- d. “**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 Act and the SEBI LODR Regulations.
- e. “**Policy**” means this Policy, as amended from time to time.
- f. “**Subsidiary**” shall mean a subsidiary as defined under the Act.

All other words or expressions used but not defined in this Policy but defined in the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities Contracts (Regulation) Act, 1956 and / or the Rules made thereunder shall have the same meaning as respectively assigned to them in such Acts, Rules or Regulations or any statutory modification or re-enactment thereof.

5. MATERIAL SUBSIDIARY

A subsidiary shall be considered as **Material** if its income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Un-Listed Material Subsidiary shall mean a Material Subsidiary, whether incorporated in India or outside India, which has not listed any of its specified securities on the recognized stock exchanges of the respective jurisdictions.

A list of such Unlisted Material Subsidiaries shall be presented to the Audit Committee annually for its noting.

6. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

- a) The Company, without passing a special resolution in its General Meeting, shall not :-
 - i. dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty percent) or cease to exercise control over the subsidiary, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal,.
 - ii. sell, dispose or lease 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 the sale, disposal, or 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 Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

In case such Material Subsidiary is a step down subsidiary of the Company, Board of immediate holding company of such Material Subsidiary and/or Board of the Material Subsidiary, as the case may be, should inform the Company before any decision in the matters mentioned in sub-clause (i) and (ii) above is considered and such decision can only be final upon receipt of approval of shareholders of the Company by way of a special resolution.

7. ADDITIONAL REQUIREMENT REGARDING MATERIAL NON-LISTED SUBSIDIARY

At least one Independent Director on the Board of the Company shall be appointed a Director on the Board of the Unlisted Material subsidiary, whether incorporated in India or not.

Notwithstanding anything mentioned in Clause 5 of the Policy, for the purpose of the requirement of this Clause 7, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty

percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

8. OBLIGATIONS OF THE UNLISTED SUBSIDIARY COMPANY

- a) The management of the unlisted subsidiary shall submit the Quarterly or Half Yearly or Annual financial statements, in particular, the investments made by the unlisted subsidiary to the Company after the end of respective Quarter for the Review of Audit Committee of the Company;
- b) The management of the unlisted subsidiary shall forward the minutes of the meetings of the board of directors of the unlisted subsidiary company to the Company on half yearly basis;
- c) The management of the unlisted subsidiary shall on half yearly basis 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 company.

Explanation: the term “significant transaction or arrangement” 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 company for the immediately preceding accounting year.

- d) The management of the unlisted subsidiary shall inform the Company of any events/information which may be material for the Company to disclose in accordance with the SEBI LODR Regulations and the “policy for determination of materiality for disclosure of events or information” adopted by the Board of Directors of the Company.

9. AMENDMENTS

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

10. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the SEBI LODR Regulations/ the Act or any other statutory enactments, or rules, the provisions of the SEBI LODR Regulations/ the Act or statutory enactments, or rules shall prevail over this Policy.

11. DISSEMINATION OF POLICY

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

Annexure-A**Version History**

Version	Date of Amendment	Change & Reason for change
01	12 th December, 2014	The policy was formulated pursuant to Clause 49 (V) (D) of Listing Agreement inserted vide SEBI Circular dated 17 th April, 2014 effective from 1 st October, 2014.
02	19 th January, 2016	The policy was amended to align definition of material subsidiary as per Regulation 24 of SEBI (LODR) Regulations, 2015 in Board Meeting dated 19 th Jan 2016.
03	6 th May, 2019	The policy was amended to align with the amendment in SEBI (LODR) Regulations, 2015 i.e. change in threshold limit of determining subsidiaries from 20% to 10% of the consolidated income or net worth and to include Governance requirements