

Eicher Motors Limited

Policy for determining material subsidiaries

I) Objective

Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Regulations”) require listed Companies to formulate a policy on determining ‘material’ subsidiaries.

Regulation 24 of SEBI Regulations requires that:

- (a) At least one independent director on the Board of Directors of the holding Company shall be a Director on the Board of Directors of an unlisted material subsidiary.
- (b) A holding Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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 Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- (c) 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 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 Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- (d) The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the holding Company, a statement of all individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

Accordingly, Eicher Motors Limited (EML) has framed this policy on determining ‘material’ subsidiaries.

II) Criteria

For the purpose of Regulation 24 of SEBI Regulations, a subsidiary of the Company shall be considered ‘material’ if its income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. However, for the purpose of appointment of at least one Independent Director of the Company on the Board of unlisted material subsidiary, the above threshold shall be twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Further, a subsidiary of the Company shall be considered 'unlisted material subsidiary' if it meets the following conditions:

- a) the subsidiary is a material subsidiary as per the criteria specified above.
- b) the subsidiary is a non-listed Company.

III) Disclosures

The Company shall make the necessary disclosures regarding this policy on its website and the annual report, as required under SEBI Regulations.

IV) Amendment

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

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