

TVS CREDIT SERVICES LIMITED

DETERMINING MATERIAL SUBSIDIARY

DETERMINATION OF MATERIAL SUBSIDIARIES

1. Preamble

The following shall be the Policy on determining material subsidiaries of TVS Credit Services Limited ('Company'), as approved by the Company's Board of Directors. This Policy is subject to the Board's review and changes, as may be appropriate, from time to time in conformity with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Regulations) as amended from time to time.

2. Objective

2.1 This Policy is framed, in accordance with the requirements of the Regulation 16(1)(c) of the Listing Regulations.

2.2 This Policy sets out the corporate governance guidelines to be followed by the Board in relation to material subsidiaries, in light of Regulation 24 of the Listing Regulations.

3. Purpose

The purpose of this Policy is to determine the material subsidiaries of the Company.

4. Definitions :

- a. **Company** means TVS Credit Services Limited.
- b. **Audit Committee** means the committee constituted by the Board in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.
- c. **Consolidated Income or Networth** means the total income or net worth of the Company and its subsidiaries.
- 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 Companies Act, 2013 and the Listing Regulations.
- e. **Material Unlisted Subsidiary** means a subsidiary that is determined as a 'material subsidiary' in accordance with this Policy and which is either incorporated in India or abroad and is not listed on the recognised stock exchanges either in India or abroad.
- f. **Material Subsidiary** means a subsidiary that is determined as a 'material subsidiary' in accordance with this Policy and includes a subsidiary incorporated outside India.

- g. **Significant Transactions or Arrangements** 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 for the immediately preceding accounting year.
- h. **Listing Regulations** shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- i. **“Subsidiary”** means a company as defined under Section 2(87) of the Companies Act, 2013 and the Rules thereunder from time to time;

Words and expressions used in this Policy but not defined therein shall have the same meanings respectively assigned to them in the Companies Act 2013 and the rules framed therein, Listing Regulations and/ or any other applicable law or regulations, as amended from time to time.

5. Criteria for determining the Material subsidiaries:

A subsidiary shall be considered as a Material Subsidiary for the financial year, if the income or net worth exceeds 10% (ten percent) of the Consolidated Income or Networth respectively, in the immediately preceding accounting year or such other threshold limits fixed under the Listing Regulations.

6. Governance of Material subsidiaries:

- a. At least 1 (one) Independent Director on the Board of shall be a director on the board of directors of its Material Unlisted Subsidiary.
- b. The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- c. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- d. On the recommendation of the Nomination and Remuneration Committee of the Company, the Board may appoint such number of Independent Directors on the board of directors of the Subsidiaries, as may be required.
- e. The Company, without the prior approval of its shareholders by way of a special resolution, shall not:
 - dispose the shares held in its Material Subsidiaries which would reduce the Company’s shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty percent); or
 - cease the exercise of control over its Material Subsidiary; or

- sell, dispose or lease of 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 such divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a court of law / tribunal, or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, provided that such an event is disclosed to the recognized stock exchanges within 1 (one) day of the resolution plan being approved.

7. Amendments:

This Policy may be amended by the Board at any time and is subject to the (i) amendments to the Companies Act, 2013; (ii) Listing Regulations; and (iii) further guidelines and enactments that are issued by the SEBI from time to time.

8. Disclosures

This Policy shall be disclosed on the website of the Company.
