



Policy on determination of Material Subsidiary

Amara Raja Batteries Limited

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1. Preamble

The following shall be the Policy on determining material subsidiaries of “Amara Raja Batteries Limited (‘Company’), as approved by the Board of Directors of the Company as required under Explanation to regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

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 Listing Regulations, as may be amended from time to time.

2. Purpose

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

3. Definitions

- a. **“Audit Committee”** means the Audit Committee of Board of Directors of the Company;
- b. **“Board”** means the collective body of the Directors of the Company;
- c. **“Material Subsidiary”** means a subsidiary of the Company, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- d. **“Significant Transaction or Arrangement”** means any 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;
- e. **“Subsidiary”** means a company as defined under Section 2(87) of the Companies Act, 2013 and the Rules there under from time to time;
- f. **“Policy”** means this Policy on Material Subsidiaries.
- g. **“Unlisted Subsidiary”** means an unlisted Subsidiary of the Company.

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, Listing Regulations and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. **At least one Independent Director shall be a director on Board of an unlisted material subsidiary**

At least one Independent Director on the Board of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purpose of this clause, notwithstanding anything to the contrary contained in the Regulations and the policy, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

5. Restrictions on disposal of shares or of assets of material subsidiary

Without the prior approval of the shareholders of the Company by means of a resolution as prescribed under applicable laws or listing regulations, the Company shall not:

- i. dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent, or cease to exercise control over the Material Subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a court or 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;
- ii. sell/dispose/lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme or arrangement duly approved by a court or 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.

6. Secretarial Audit of material unlisted subsidiary incorporated in India

The material unlisted subsidiary/ies incorporated in India shall undertake a secretarial audit and annex with its annual report, a secretarial audit report, given by a company secretary in practice.

Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this policy enumerated in clause(s) 4 to 6 shall also apply to the listed subsidiary in so far as its subsidiaries are concerned.

7. Significant transactions / arrangements of unlisted subsidiary Companies

The management should periodically bring to the attention of the Board a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary in the format similar to the format prescribed in the relevant accounting standards.

8. Disclosure

This Policy shall be disclosed on the website of the Company and a weblink thereto provided in the Annual Report of the Company.