

## TRANSPORT CORPORATION OF INDIA LIMITED

### POLICY ON MATERIAL SUBSIDIARIES

#### INTRODUCTION

The Board of Company has adopted the following policy and procedures to determine Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended from time to time.

#### DEFINITIONS

- I. **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.
- II. **“Board of Director”** or **“Board”** means the Board of Directors of the Company.
- III. **“Company”** means Transport Corporation of India Limited (TCI).
- IV. **Material Non Listed Indian Subsidiary** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
- V. **“Policy”** means Policy on Material Subsidiaries.
- VI. **“Significant transaction or arrangement”** means any individual transaction/arrangement that exceeds or is likely to exceed 10% of the total revenues/expenses/assets/liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

#### POLICY

1. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
  - a. In which the current/proposed Investment of the Company exceeds 10% of the net worth of the Company and its subsidiaries as per the last audited balance sheet; or
  - b. Which have generated atleast 10% of the income of the Company and its subsidiaries during the previous financial year.

2. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation -For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of TCI & its subsidiaries in the immediately preceding accounting year.

3. The Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary on quarterly basis.
4. The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed before the Board of the Company on quarterly basis.
5. The management shall, on quarterly basis, place before the Board, a report of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
6. The Company shall obtain prior approval of shareholders by way of special resolution if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding to  $\leq 50\%$  or the Company ceases the exercise of control over the subsidiary.

Such approval shall not be required if the disinvestment is:

- 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.

7. The Company shall obtain prior approval of shareholders by way of special resolution for any sale, disposal and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis, during a financial year.

Such an approval shall not be required if such sale, disposal, lease of asset is:

- 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
8. Every material subsidiary incorporate in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

***A brief of the regulatory framework with regard to material subsidiaries given under Annexure A.***

### **DISCLOSURES**

This Policy is to be placed on the website of the Company & the web link shall be provided in the Annual Report.

### **AMENDMENT**

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time. Any amendment to the Policy shall take effect from the date when it is approved by the Board of Directors of the Company and hosted on the Company website.

### **INTERPRETATION**

Any words used in this policy but not defined herein shall have the same meaning attributed to it in the Companies Act, 2013 or Rules made thereunder, Listing Agreement or any other relevant law applicable to the Company.

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## Annexure A

