

**REPORT OF THE AUDIT COMMITTEE OF TRANSPORT CORPORATION OF INDIA LIMITED
RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT**

Members Present in the meeting held on 8th October, 2015

- | | | |
|------|------------------------|----------|
| I. | Mr. O Swaminatha Reddy | Chairman |
| II. | Mr. S M Datta | Member |
| III. | Mr. K S Mehta | Member |

By Invitation

Mr. Ashish Tiwari	Group CFO
Mr. R S Agarwala	Representing Statutory Auditors of the Company

In Attendance

Ms. Archana Pandey	Company Secretary & Compliance Officer
--------------------	--

A meeting of the Audit Committee was held on 8th October, 2015 to consider the proposal for corporate restructuring of the Company. The Corporate & Restructuring Committee held earlier in the day considered and recommended the said proposal to the Audit Committee.

The Securities and Exchange Board of India, *vide* its Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 has, amongst other requirements, sought a report from the audit committee of listed companies recommending the draft composite scheme of arrangement after taking into consideration, *inter alia*, the Share Entitlement Ratio Report.

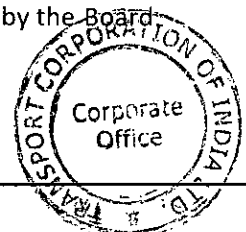
The audit committee, examined the draft composite scheme of arrangement ("Scheme"), as recommended by the Corporate & Restructuring Committee, providing for, demerger of the XPS Division of the Transport Corporation of India Limited into TCI Express Limited [(the Resulting Company) [formerly known as TCI Properties (Pune) Limited] with effect from the 'Appointed Date' as defined in the Scheme.

The Audit Committee *inter alia* has taken into consideration, the Valuation Report dated 5th October, 2015 prepared by KSMN & Company, independent chartered accountant, describing the methodology adopted by them in arriving at the Swap Ratio for the demerger of Demerged Division into Resulting Company ("the Valuation Report") and the Fairness Opinion, dated 6th October, 2015, prepared by D & A Financial Services (P) Ltd., an independent merchant banker, certifying the Swap Ratio recommended in the Valuation Report.

In our opinion, the above Swap Ratio contained in the Valuation Report is fair and reasonable.

We further note that the draft Scheme does not adversely affect any of the rights of the shareholders or employees or creditors of Transport Corporation of India Limited.

The Audit Committee, based on the information given below, its observations and the discussions, do hereby unanimously recommend the draft Scheme for favourable consideration by the Board.



Transport Corporation of India Ltd.

Corporate Office : TCI House, 69 Institutional Area, Sector 32, Gurgaon-122 207, Haryana, India www.tcil.com
Tel : 0124-2381-603 - 07 Fax : 0124-2381611 corporate@tcil.com

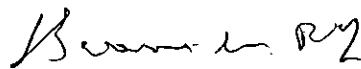
Regd. Office : Flat Nos. 306 & 307, 1-8-273, Third Floor, Ashoka Bhoopal Chambers, S P Road, Secunderabad - 500 003
Tel : 040-27840104 Fax : 040-27840163

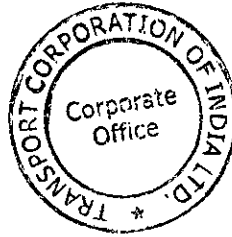
CIN : L70109TG1995PLC019116

of Directors of Transport Corporation of India Limited, the Stock Exchange(s) and Securities Exchange Board of India:

- I. Draft Scheme of Arrangement, duly initialed by the Chairman of the Company for the purpose of identification;
- II. Valuation Report dated 5th October, 2015 prepared by the KSMN & Company, Independent Chartered Accountant, describing the methodology adopted by them in arriving at the Swap Ratio; and
- III. Fairness Opinion dated 6th October, 2015 prepared by D & A Financial Services (P) Ltd., an Independent Merchant Banker providing the Fairness Opinion on the Swap Ratio recommended in the Valuation Report prepared by KSMN & Company.

**By the Order of the Audit Committee
For Transport Corporation of India Limited**


O Swaminatha Reddy
Chairman, Audit Committee



Transport Corporation of India Ltd.

Corporate Office : TCI House, 69 Institutional Area, Sector 32, Gurgaon-122 207, Haryana, India www.tcil.com
Tel : 0124-2381-603 - 07 Fax : 0124-2381611 corporate@tcil.com

Regd. Office : Flat Nos. 306 & 307, 1-8-273, Third Floor, Ashoka Bhoopal Chambers, S P Road, Secunderabad - 500 003
Tel : 040-27840104 Fax : 040-27840163

CIN : L70109TG1995PLC019116

(59)