

POLICY ON MATERIAL SUBSIDIARIES

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Transport Corporation of India Limited [Version 4.0]	

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 SEBI LODR & the Act.
- II. **“Board of Directors” or “Board”** means the Board of Directors of the Company.
- III. **“Company” or “Listed Entity”** means Transport Corporation of India Limited (“TCI”).
- IV. **“Control”** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.
- V. **“Unlisted Material Subsidiary”** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
- VI. **“Net Worth”** means net worth as defined under Section 2(57) of the Companies Act, 2013.
- VII. **“Policy”** means Policy on Material Subsidiaries.
- VIII. **“Turnover”** means turnover as defined under Section 2(91) of the Companies Act, 2013.
- IX. **“SEBI LODR”** means SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.
- X. **“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 subsidiary for the immediately preceding accounting year.
- XI. **“Subsidiary”** shall mean subsidiary as defined under Section 2(87) of the Companies Act, 2013.
- XII. **“Unlisted Subsidiary”** means an unlisted Subsidiary of the Company, whose securities are not listed on any recognized Stock exchanges.

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 turnover of the Company and its subsidiaries in the immediately preceding accounting year.

2. At least one Independent Director on the Board of the Company shall be a director on the Board 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 turnover or net worth exceeds 20% of the consolidated turnover 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 a quarterly basis.
4. The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed before the Board of the Company on a quarterly basis.
5. The management of the unlisted subsidiary shall, on quarterly basis, place before the Board of the Company, a report of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

Annexure A

