

## **POLICY FOR MATERIAL SUBSIDIARY COMPANY**

### **1. Introduction**

The Board of Directors (the “Board”) of Texmaco Rail & Engineering Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

### **2. Policy Objective**

To determine the Material Subsidiaries of Texmaco Rail & Engineering Limited and to provide the governance framework for such subsidiaries. It is framed in accordance with the SEBI (Listing Obligations and Disclosure Requirement) Regulations (“Regulations”).

### **3. DEFINITIONS**

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Regulations and The Companies , 2013.

“**Board of Directors**” or “Board” means the Board of Directors of Texmaco Rail & Engineering Limited, as constituted from time to time.

“**Company**” means Texmaco Rail & Engineering Limited.

“**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 Regulations.

“**Policy**” means this Policy , as amended from time to time.

“**Material Non Listed Indian Subsidiary**” shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges

“**Significant Transaction or Arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

#### **4. Policy**

1. A subsidiary shall be a **Material**, if any of the following conditions are satisfied:

a. the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year;

or

b. the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

**Material Non Listed Indian Subsidiary** shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose;

a. net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year ;or

b. Income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year

2. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

4. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on an half yearly basis.

5. The management shall on a half yearly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

6. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non Listed Indian Subsidiary.

#### **5. Disposal of Material Subsidiary**

The Company, without the prior approval of the members by Special Resolution, shall not:

a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or

b. ceases the exercise of control over the Subsidiary; or

c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary

## **6. REQUIREMENT REGARDING MATERIAL NON-LISTED INDIAN SUBSIDIARY**

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary Company.

The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on a yearly basis.

The management shall on yearly basis bring to the attention of the Board of Directors of the Company , as statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.

## **7.AMENDMENTS**

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provisions(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures , from time to time , to give effect to this policy and to ensure governance of material subsidiary Companies.

## **8.SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this policy and the Regulations /Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Regulations /Companies Act 2013 or statutory enactments, rules shall prevail over this Policy.

## **9.DISSEMINATION OF POLICY**

This policy shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.

## **10. Disclosures**

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at [www.texmaco.in](http://www.texmaco.in).