

IL&FS TRANSPORTATION NETWORKS LIMITED

Policy For determining Material Subsidiaries **Pursuant to Clause(V)(D) of the Listing Agreement**

1. Preface:

The purpose of this Policy on Material Subsidiaries is determination of Material Subsidiaries and disclosure thereof, as required under Clause 49 (V) (D) of the Listing Agreement entered into by the Company with the Stock Exchanges

2. Definitions

- a. “Act” shall mean the Companies Act, 2013 read together with rules made thereunder, as may be amended from time to time;
- b. “BSE” shall mean BSE Limited;
- c. “Company” shall mean IL&FS Transportation Networks Limited;
- d. “Listing Agreement” shall mean the Agreement for Listing of Equity Shares entered into by the Company with BSE Limited and National Stock Exchange of India Limited;
- e. “Material non-listed Indian Subsidiary” shall mean an unlisted Subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed Holding Company and its Subsidiaries in the immediately preceding accounting year
- f. “NSE” shall mean the National Stock Exchange of India Limited;
- g. “SEBI” shall mean the Securities and Exchange Board of India;
- h. “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

- i. “Stock Exchanges” shall mean BSE Limited and National Stock Exchange of India Ltd. together;
- j. “Subsidiaries” shall mean the companies, existing in India or outside India, unless otherwise stated, in which the Company holds more than one-half of the total share capital directly or indirectly or exercises control in the composition of the Board of Directors;
- k. All other words or expressions used but not defined in the Policy, but defined in the Companies Act, 2013 read with rules made there under, the Listing Agreement, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the regulations made by SEBI shall have the same meaning as respectively assigned to them in such Acts, or rules or regulations, including any statutory amendments or re-enactments made thereto;

3. Objective of the Policy

The Objective of the Policy is to determine:

- (i) meaning of “Material Subsidiary”
- (ii) Requirement of appointment of Independent Director on the Board of certain Material Non listed Indian Subsidiaries
- (iii) Restriction of disposal of Shares of a Material Subsidiary held by the Company
- (iv) Restriction on transfer of Assets of a Material Subsidiary and
- (v) Disclosure thereof pursuant to the Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable thereof

4. Material Subsidiaries:

A Subsidiary shall be considered material if (i) 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 of the Company or (ii) the Subsidiary has generated income which is 20% or more of the consolidated income of the Company during the previous Financial Year

5. Independent Director on the Board of Material Non Listed Indian Subsidiary

At least one Independent Director on the Board of the Company shall be a Director on the Board of a Material Non-listed Indian Subsidiary company

6. Significant Transactions / Arrangements of a Material Non Listed Subsidiary

The Management should bring to the attention of the Board, a Statement of all significant Transactions and Arrangements entered into by any Non listed Material Subsidiary

7. Placing of Minutes of the Non Listed Indian Subsidiary

The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company

8. Disposal of Shares of Material Subsidiary

The Company shall not dispose of shares in its material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than 50% or cease the exercise of control over the Subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal

9. Restriction on transfer of assets of Material Subsidiary

Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of Shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

10. Disclosure:

As prescribed under the Clause 49(V)(D) of the Listing Agreement, this Policy shall be disclosed on the Company's website and a web link thereto will be provided in the Annual Report of the Company

11. Review

The Policy is subject to review as may be deemed necessary and in accordance with any regulatory amendments