

# **THE SHIPPING CORPORATION OF INDIA LIMITED**

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **1. PURPOSE**

1.1 A Policy under the nomenclature “**Policy for determining Material Subsidiaries**” is framed in accordance with the requirements under Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for ensuring governance of material subsidiary companies of Shipping Corporation of India Limited.

1.2 Accordingly, the Board of Directors of the Company has adopted the policy and procedures with regard to determination of Material Subsidiaries as enumerated below.

### **2. DEFINITIONS**

2.1 “**SCI / the Company**” means Shipping Corporation of India Limited.

2.2 “**Audit Committee**” means the Audit Committee of the Board constituted by the Board of Directors of the Company in accordance with provisions of Section 177 of Companies Act, 2013, Regulation 18 of the SEBI LODR, Regulations 2015 and DPE Guidelines on Corporate Governance for CPSEs - 2010.

2.3 “**Board**” means the Board of Directors of the Company as defined under Section 2(10) of the Companies Act, 2013.

2.4 “**Material Subsidiary**” shall mean, in terms of Regulation 16(c) of the SEBI LODR, Regulations 2015, a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

2.5 “**Material Unlisted Subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

2.6 “**Significant Transaction or Arrangement**” shall mean, in terms of Regulation. 24(4) of the SEBI LODR, Regulations 2015, 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 unlisted subsidiary for the immediately preceding accounting year.

2.7 “**Subsidiary Company**” means a subsidiary company as defined under Section 2(87) of the Companies Act, 2013 and the Rules made there under.

### **3. PROCEDURE AND POLICY**

3.1 At least one Independent Director of the Company shall be a Director on the Board of the unlisted material subsidiary incorporated in India.

(Explanation- for the purpose of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year)

3.2 The Company shall not, without the prior approval of the members by special resolution in the General Meeting, 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 Material Subsidiary except where such divestment is made 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.

3.3 The Company shall not, without the prior approval of the members by special resolution, sell, dispose-off and lease the assets in its Material Subsidiary amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless the same is made 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.

3.4 The Audit Committee of the Company shall review the financial statements of the unlisted subsidiary company.

3.5 The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed before the Board of the Company.

3.6 The management of the Company shall periodically 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.

3.7 Every Material Unlisted Subsidiary incorporated in India shall undertake Secretarial audit and the Secretarial audit report shall be annexed with the Annual Report of the Company.

#### **4. DISCLOSURE**

4.1 This Policy shall be placed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

4.2 Adequate disclosure relating to the subsidiary companies, as may be required under the provisions of the Companies Act, 2013, SEBI LODR, Regulations 2015 and DPE Guidelines on Corporate Governance for CPSEs, shall be made by the Company from time to time.

#### **5. MODIFICATIONS AND AMENDMENTS**

The Board may review and amend this policy as may be required from time to time in accordance with the provisions of the SEBI LODR, Regulations 2015 and other applicable laws. Any subsequent notification, circular, guidelines or amendments under SEBI LODR, Regulations 2015 and other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.

#### **6. LIMITATION**

In the event of any conflict between the provisions of this Policy and of the Listing Regulations/ Companies Act, 2013 or any other statutory enactments, rules, then, the provisions of the Listing Regulations / Companies Act, 2013 or other statutory enactments, rules, as the case may be shall prevail over this Policy and shall be adhered to accordingly by all concerned.

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