

POLICY ON SUBSIDIARY

I. NEED AND OBJECTIVE OF THE POLICY

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires the listed entities to formulate a policy for determining ‘material’ subsidiaries and such policy shall be disclosed on the Bank’s website and a web link thereto shall be provided in the Annual Report of the Bank.

Accordingly the Bank has laid down this ‘Policy on Subsidiary ‘.

II. DEFINITIONS

“Audit Committee of the Board (ACB)” ACB means a Committee of the Board constituted by the Board of Directors as per the guidelines of the Reserve Bank of India(RBI). The ACB provides direction as well as overseeing the operation of the total audit function of the Bank, which includes the organization, operationalisation and quality control of internal audit and inspection within the Bank and follow –up on the statutory/external audit of the Bank and inspections of the RBI.

“Board” means Board of Directors of the Bank in terms of Section 9 (3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

“Material Subsidiary” a subsidiary shall mean a subsidiary, whose income or net worth exceeds twenty per cent of the consolidated income or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year.

“Policy” means ‘Policy on Subsidiary’

“Subsidiary” means a company :

- (a) in which the Bank holds, either by itself and/or through one or more subsidiaries, more than one-half in nominal value of its equity share capital; or
- (b) of which the Bank controls either by itself and/or through one or more subsidiaries, the composition of its Board of Directors.

“Significant transaction or arrangement” 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 unlisted material subsidiary for the immediately preceding accounting year.

“**Unlisted Material Subsidiary**” means an unlisted subsidiary, whose income or net worth exceeds twenty per cent of the consolidated income or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year.

3. POLICY

- A. At least one independent director on the Board of Directors of the Bank shall be a director on the Board of Directors of an unlisted material subsidiary incorporated in India.
- B. The Audit Committee of the Bank shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- C. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Bank.
- D. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Bank, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- E. Bank shall not dispose of shares in its material subsidiary resulting in reduction of 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 a Court/Tribunal.
- F. 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.

Explanation: Where the Bank at any time in future will have a listed subsidiary, which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

