



General Insurance Corporation of India

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES – 2019
(Ver 2.0)**

GENERAL INSURANCE CORPORATION OF INDIA
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Introduction:

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) requires that a policy be formulated by the General Insurance Corporation of India (the “**Corporation**”) to determine “material” subsidiaries. Accordingly, the Corporation has formulated the Policy for Determining Material Subsidiaries (the “**Policy**”).

2. Definitions:

“**Audit Committee or Committee**” means Audit Committee constituted/re-constituted by the Board of Directors of the Corporation, from time to time, under the provisions of the SEBI Listing Regulations and the Companies Act, 2013.

“**Independent Director**” means a non-executive director (other than a managing director or a whole-time director or a nominee director) of the Corporation and who satisfies the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations.

“**Unlisted Subsidiary**” shall mean a Subsidiary which is incorporated in India or abroad and is not listed on any Stock Exchanges in India or abroad.

“**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 unlisted subsidiary for the immediately preceding accounting year.

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

3. Criteria for determination of “Material Subsidiary”:

A subsidiary shall be considered to be a “Material Subsidiary”:

- a. If the investment of the Corporation in the subsidiary exceeds 10 % of its consolidated net worth as per the audited financial statements of the previous financial year; or
- b. If the subsidiary has generated 10% of the consolidated income of the Corporation during the previous financial year as per the audited financial statements of the previous financial year.

4. Compliances:

- a. One Independent Director on the Board of Directors of the Corporation shall be a director on the Board of Directors of an Unlisted material Subsidiary, whether incorporated in India or not. For

the purposes of this provision, notwithstanding anything to the contrary contained above, 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 financial year.

- b. The Audit Committee of the Corporation shall also review the financial statements of the subsidiary Company, in particular, the investments made by the Unlisted Subsidiary Company.
- c. The minutes of the Board Meetings of the Unlisted Subsidiary Company shall be placed at the Board Meeting of the Corporation.
- d. The management of the Unlisted Subsidiary company should periodically bring to the attention of the Board of Directors of the Corporation, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary company.
- e. For any listed subsidiary of the Corporation, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

5. Disposal of shares/assets of Material Subsidiary:

- a. No Corporation shall 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, 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.
- b. Selling, disposing and leasing of assets amounting to more than 20% 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, 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

6. Disclosure:

This Policy shall be disclosed on the website of the Corporation and a web link thereto shall be provided in the Annual Report.

7. Amendments:

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