



**भारतीय जीवन बीमा निगम**  
**LIFE INSURANCE CORPORATION OF INDIA**

**LIFE INSURANCE CORPORATION OF INDIA, CENTRAL OFFICE,  
JEEVAN BIMA MARG, MUMBAI-400021.**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES (OUTSIDE INDIA)**  
**(Framed pursuant to Regulation 30(4)(ii) of SEBI (LODR),2015)**

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**January 2025**

**(Containing revisions necessitated by SEBI (LODR) (Amendment) Regulations, 2024)**

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## 1. PURPOSE

Regulation 16 (c) of Listing Regulations mandates a listed entity to formulate a policy for determining 'material' subsidiary. This Policy is formulated and adopted to determine Material Subsidiaries and to comply with the Corporate Governance Requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR 2015) and to lay down criteria for identifying and dealing with material subsidiaries (outside India).

## 2. DEFINITIONS

- i. **"Audit Committee"** means the Committee constituted under Section 19C of the LIC Act, 1956.
- ii. **"Board of Directors" or "Board"** means the collective body of the Directors appointed or nominated or deemed as such under Section 4 of the LIC Act, 1956.
- iii. **"Corporation"** means Life Insurance Corporation of India under Section 2 of LIC Act, 1956.
- iv. **"Holding Company"**, in relation to one or more other Companies, means a Company of which such Companies are subsidiaries as per Section 2(46) of Companies Act 2013.
- v. **"Independent Director"** means an Independent Director referred to in clause (g) of sub-section (2) of section 4 of LIC Act, 1956.
- vi. **"Net worth"** means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as defined under Section 2 (57) of the Companies Act, 2013.
- vii. **"Subsidiary Company"** or "Subsidiary" as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto means a Company in which Corporation
  - (i) Controls the composition of the Board of Directors; or
  - (ii) Exercises or controls more than one-half of the total voting power either its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding Companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation:-

- (a) A Company shall be deemed to be a subsidiary company of the holding company even if control referred to in sub-clause (i) or sub clause (ii) if oa another subsidiary company of the holding company:
- (b) The composition of a Company's Board of Directors shall be deemed to be controlled by another Company if that another Company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors.

- (c) The expression "Company" includes any Body Corporate;
- (d) "Layer" in relation to a holding Company means its subsidiary or subsidiaries;

viii. **"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.

### **3. SCOPE OF THE POLICY**

This Policy outlines the basis for determining 'Material Subsidiaries', in terms of the provisions of SEBI (LODR) Regulations, 2015. Operational guidelines with respect to determining 'Material Subsidiaries' under the Policy will be framed and amended from time to time. Board of Life Insurance Corporation of India shall be the Authority to review and amend this policy.

### **4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY**

A subsidiary of the Corporation shall be considered as a Material Subsidiary, if any of the following conditions are satisfied:

- i) Its turn over exceeds 10% of the consolidated turn over of the Corporation and its subsidiary companies in the immediately preceding accounting year; or
- ii) Its net worth exceeds 10% of the consolidated net worth of the Corporation and its subsidiary companies in the immediately preceding accounting year.

### **5. GOVERNANCE FRAMEWORK WITH RESPECT TO SUBSIDIARIES OF THE CORPORATION**

- i. At least one Independent Director on the Board of Directors of the Corporation shall be a Director on the Board of Directors of the unlisted material Subsidiary Company, whether incorporated in India or not. This provision shall apply to the material unlisted subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth of the Corporation and its subsidiaries in the immediately preceding accounting year;
- ii. The Audit Committee of the Board of the Corporation shall review the financial statements, in particular, the investments made by the unlisted subsidiary;
- iii. The minutes of the Board meetings of the Unlisted Subsidiary shall be placed before the Board of the Corporation;
- iv. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Corporation, a statement of all significant transactions and
- v. Any disposal of shares in its material subsidiary which would reduce shareholding of the Corporation (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary will require a special resolution to be passed in the General Meeting of the Corporation except in case where such divestment is made under a scheme of arrangements duly approved by a Court/Tribunal;

- vi. Prior approval of shareholders of the Corporation will also be required, by way of special resolution, for 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. However, such approval shall not be required in case the sale/disposal/lease is made under a scheme of arrangements duly approved by Court/Tribunal;
- vii. The relevant provisions of listing regulations of the material subsidiary (outside India) existing in that country shall also be applicable to the Corporation.
- viii. Where the Corporation has a listed subsidiary (outside India), which is itself a holding company, the provisions of the relevant Regulations existing in that country shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

## **6. DISCLOSURE**

This policy shall be disclosed on the Corporation's website at [www.licindia.in](http://www.licindia.in). Web link thereto shall be provided in the Annual Report of the Corporation.

## **7. POLICY REVIEW:**

This policy shall be reviewed at least once in three years or as and when warranted by any change in Regulatory or Statutory Provisions or whenever deemed necessary and may be amended by the Board as and when necessary.

In the event of any conflict between the provisions of this Policy and SEBI (LODR) Regulations, 2015 or any other Statutory provisions for the time being in force the said Regulatory or Statutory provisions shall prevail over this Policy.

## **8. POWER OF CHIEF EXECUTIVE TO AMEND:**

The Chief Executive of the Corporation is authorized to amend any of the provisions in the Policy to bring it in line with any further Regulatory changes introduced by SEBI by way of amendments to LODR Regulations or enactment of any other Statutory provisions as amended from time to time, or as per the operational necessity as the case may be.