

**LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE, MUMBAI**

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES (OUTSIDE INDIA)

1. INTRODUCTION

LIC of India is being listed as decided by Government of India. Hence, a Policy is being formulated to determine Material Subsidiaries and to comply with the Corporate Governance Requirements under the Listing Obligations and Disclosure Requirements Regulations, 2015 (LODR 2015) of Securities and Exchange Board of India (“SEBI”).

It is proposed to adopt this Policy for determining Material Subsidiary Companies with the objective of laying down criteria for identifying and dealing with material subsidiaries (outside India).

2. NAME AND SCOPE OF THE POLICY

2.1. This policy shall be called “Policy for Determining Material Subsidiaries (Outside India)” (“Policy”).

2.2. Board of Life Insurance Corporation of India shall be the Authority to approve and adopt this policy.

2.3. This Policy outlines the basis for determining ‘Material Subsidiaries’, in terms of the provisions of SEBI LODR, Regulations, 2015.

2.4. Operational guidelines with respect to determining ‘Material Subsidiaries’ under the Policy will be framed and amended from time to time with the approval of the Competent Authority.

3. 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
- iv. **“Holding Company”**, in relation to one or more other Companies, means a Company of which such Companies are subsidiaries.
- 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” 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 as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.
- 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.

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 income exceeds 10% of the consolidated income 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.

Note: The Corporation shall annually obtain a certificate from its Statutory Auditors to assess which of its Subsidiary Companies can be deemed to be material subsidiary company and the said certificate shall be placed before the Board of the Corporation for its noting.

5. GOVERNANCE FRAMEWORK WITH RESPECT TO SUBSIDIARIES OF THE CORPORATION

5.1 In case of unlisted material subsidiary:

- 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 arrangements entered into by the unlisted subsidiary company;

5.2 In case of material subsidiary (Listed and Unlisted)

- 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 (once it is listed) 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.

7. DISCLOSURE

This policy shall be disclosed on the Corporation's website at www.licindia.in. Web link thereto shall be provided in the Annual Report of the Corporation.

8. POLICY REVIEW:

This policy shall be reviewed periodically and may be amended by the Board, as and when deemed necessary. In case any provision of this policy is found contradicting the provisions of Act or Rules / Regulations, the provisions of the Act or Rules / Regulations shall prevail.