







भारत सरकार का उपक्रम A Government of India Undertaking



**POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARY 2022-23**

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## POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARY 2022-23

### 1. Introduction

The Board of Directors (“Board”) of Union Bank of India (“Bank”) has adopted this policy and procedures thereto with regard to determination of Material Subsidiaries.

### 2. Objective

The Policy is framed as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). The Policy is formulated for determining Material Subsidiary(ies) of the Bank.

### 3. Definitions

- (a) “Audit Committee or Committee” means Committee of Board of Directors of the Bank constituted under provisions of Listing Regulations, the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970 and in pursuance of the directives of Reserve Bank of India and Government of India.
- (b) “Board” means Board of Directors of the Bank constituted in terms of Section 9(3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.
- (c) “Financial Year” means the accounting year i.e. the period ending on the 31<sup>st</sup> day of March every year, in respect of which the financial statement of the Bank is made.
- (d) “Holding Company” in relation to one or more other companies, means a company of which such companies/body corporate are subsidiary companies.
- (e) “Net Worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss 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 the revaluation of assets, write-back of depreciation and amalgamation.

- (f) “Policy” means ‘Policy for determining Material Subsidiary’.
- (g) “Subsidiary Company” or “Subsidiary”, means a company in which the holding company—
- controls the composition of the Board of Directors; or
  - exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.”

Explanation—

- a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- the expression “company” includes any body corporate.

## 4. Policy

**4.1 Determination of Material Subsidiary** - A subsidiary of the Bank shall be treated as a Material Subsidiary, if it fulfils any of the below mentioned conditions:

- The Net Worth of the subsidiary exceeds **10% of Consolidated Net Worth** of the Bank and its subsidiaries as per the Audited Balance Sheet of the immediately preceding financial year; or
- The Income of the subsidiary exceeds **10% of the Consolidated Income** of the Bank and its subsidiaries in the immediately preceding financial year.

The Bank will on or before 30<sup>th</sup> June of every year will identify the Material Subsidiary(ies), if any.

**4.2 Monitoring of Material Subsidiary(ies) (Listed/Unlisted):**

The Bank, without the prior approval of the shareholders by Special Resolution in its General Meeting, shall not:

- dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- b) sell, dispose or lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### 4.3 Monitoring of Unlisted Material Subsidiary(ies):

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, whether incorporated in India or not.

**Explanation:** For the purpose of this provision, the term “material 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 financial year.

#### 4.4 Monitoring of Unlisted Subsidiary (*Material/Immaterial*) -

- a) The Audit Committee of the Bank shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- b) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Bank.
- c) 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.

**Explanation:** “Significant Transaction or Arrangement” means 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 financial year.

- 4.5 Where the Bank has 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.

#### 5. Review of the Policy

The policy is subject to updation/review on account of any change in regulatory requirements from time to time. The Audit Committee of the Board (“ACB”) is

empowered to review and recommend changes in this policy for from time to time. The policy will be approved by the Board on recommendation of ACB.

#### 6. Disclosures

The Policy for Determining Material Subsidiary shall be disclosed on the Bank's website and a web link thereto shall be provided in the Annual Report, as per the provisions of laws in force.

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