



Policy on Determining Material Subsidiaries of the Export-Import Bank of India

[Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

(March 2023)

(I) INTRODUCTION

Pursuant to Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), a "**material subsidiary**" in relation to Exim Bank ("**the Bank**") shall mean a subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year. In such case, the Bank should lay down a policy for determining "material subsidiary". This Policy shall set out the criteria for determining a material subsidiary and shall be called as "Policy on Determining Material Subsidiaries of the Bank".

(II) OBJECTIVE

The objective of the Policy is to determine the basis for determining 'Material Subsidiaries' and to provide a governance framework as specified in point IV of this Policy for such "Material Subsidiaries". The Policy is framed in accordance with the requirements of the Regulations 16(1)(c) of the Listing Regulations.

(III) DEFINITIONS

"Audit Committee" means audit committee of the Bank.

"Board of Directors" or **"Board"** means the members of the board of directors of the Bank.

"Independent Director" means a non-executive director who is not a chairman or a managing director or a whole-time director.

"Policy" means this Policy, as may be amended from time to time.

"Subsidiary" means a company in which the Bank (i) controls the composition of the board of directors and (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year.

"Significant Transaction or Arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) 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.

Any other term not defined herein shall have the same meaning as defined in the listing agreement, Securities Contracts (Regulation) Act, 1956, Listing Regulations or any other applicable law or regulation.

(IV)POLICY:

- A. The Audit Committee of the Bank shall review:
 - (i) list of Subsidiaries of the Bank along with the details of such Subsidiary company(ies) and the applicability of the materiality criteria that qualifies such a Subsidiary to be considered as a Material Subsidiary, on annual basis;
 - (ii) the financial statements, in particular, the investments made by the unlisted Subsidiaries;
- B. 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.
- C. The management of the unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the Bank all Significant Transactions or Arrangements entered into by the unlisted Subsidiary.
- D. The Bank, currently, without the prior approval of the majority of the board (or its members (shareholders) by a special resolution (if the same becomes applicable at a subsequent date) passed in its general meeting), shall not:
 - (i) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other Subsidiaries) to less than or equal to 50% (fifty percent); or
 - (ii) ceases the exercise of control over the Subsidiary; or
 - (iii) sell, dispose or lease the assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year.

While the provisions of the Insolvency and Bankruptcy Code, 2016 (“IBC”) are inapplicable to Bank given it is a statutory corporation governed by the Act, without prejudice to the other provisions of the Act (along with the rules and

regulations made there under) the reference to IBC under Regulation 24(5) of the Listing Regulations must be read as a reference to the Section 38 of the Act , whereby an order of the Central Government must be disclosed to the respective stock exchanges within 1 (one) day of the same being issued.

- E. The Bank and its unlisted Material Subsidiaries shall undertake a secretarial audit. The secretarial audit report (pursuant to the secretarial audit by a company secretary in practice) of the Bank and the Material Subsidiary shall form part of the annual report of the Bank and the same shall also be submitted to the stock exchange within 60 (sixty) days from the end of each financial year.

(V) COMMON INDEPENDENT DIRECTOR:

Without prejudice to the provisions to the Act and the regulations made thereunder, the Bank shall endeavor to appoint one independent director (if in the future the provisions related to independent directors become applicable to the Bank then) on the board of its unlisted material subsidiary who shall also be a non-executive director in its (Bank) Board, whether the unlisted material subsidiary is incorporated in India or not, to the extent possible.

For this provision, “material subsidiary” shall mean a subsidiary whose income or net worth exceeds 20 % (twenty percent) of the consolidated income or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year.

(VI) 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, based on the recommendations of the Risk Management Committee.

(VII) APPLICABILITY

- (a) While some of the provisions herein, in relation to the Material Subsidiary may not be applicable to the Bank as on the date of this Policy due to the organizational structure, the same must be adhered to in case of an establishment of a Material Subsidiary in future by the Bank pursuant to the

Act, the rules and regulations thereunder, the policies of the Bank or any such other applicable law, as may be relevant.

- (b) The provisions of this Policy shall also be applicable for compliance and adherence to a listed Subsidiary of the Bank which has further Subsidiaries in addition to the adherence and compliance by such listed Subsidiary of its own policies in relation to the herewith.
- (c) The Bank is a statutory corporation established under the Act of Parliament, wholly owned (100%) by the Government of India and governed by the Act. Accordingly, the provisions of shareholders approval is not applicable to it and any item under the Listing Regulations requiring shareholders approval shall be obtained from the Board of Directors of the Bank or such other approvals as prescribed and required under the EXIM Act.

(VIII) DISSEMINATION OF POLICY

This Policy shall be hosted on the intra-net and website of the Bank and shall be disclosed to the stock exchanges.
