

Go Digit General Insurance Limited  
Policy for determining Material Subsidiary

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## Introduction

Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”) mandates all listed companies to formulate a policy for determining material subsidiary(ies). In this regard, the Company has adopted the Policy for determining Material Subsidiaries (*as defined hereinbelow*) in line with the SEBI Listing Regulations.

## Objective

Material subsidiaries of a Company have a significant impact on the financials of the Company and therefore warrant a proper procedure for their identification. The objective of this Policy is to lay down the process for identification of such Material Subsidiaries and the manner in which transactions may be entered into with such Material Subsidiaries. The Policy shall further ensure governance of such Material Subsidiary companies.

## Definitions

**“Act”** means Companies Act, 2013 and rules made there under as amended from time to time.

**“Audit Committee or Committee”** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of section 177 of the Companies Act, 2013 and Regulation 18 of SEBI Listing Regulations.

**“Board” or “Board of Directors”** means the Board of Directors of Company, as constituted from time to time.

**“Company”** means Go Digit General Insurance Limited.

**“Material Subsidiary(ies)”** means a Subsidiary, whose turnover or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth respectively, of the Company and the Subsidiaries in the immediately preceding accounting year.

**“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 revaluation of assets, write-back of depreciation and amalgamation.

**“Policy”** means this Policy for determining Material Subsidiaries.

**“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.

**“Subsidiary(ies)”** means a subsidiary of the Company as defined under sub-section (87) of section 2 of the Act.

**“Turnover”** for the purpose of this Policy shall mean the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the Company during a financial year.

**“Unlisted Material Subsidiary”** shall mean an Unlisted Subsidiary (*defined hereinbelow*), whether incorporated in India or not, whose turnover or net worth exceeds 20% (twenty percent) of the consolidated turnover or net worth respectively, of the Company and the Subsidiaries in the immediately preceding accounting year.

**“Unlisted Subsidiary(ies)”** shall mean a Subsidiary which is incorporated in India and is not listed on the Indian stock exchanges.

#### **Interpretation**

Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Act, SEBI Listing Regulations, or any other relevant legislation/ law applicable to the Company (including any amendments thereto), as the context may require.

#### **Policy and Procedure**

- a) The Company shall place before the Audit Committee and Board of Directors, quarterly and annual financial statements of all its Subsidiaries, indicating the quantum of income and net worth of the Subsidiaries, and consolidated income and net worth of the Company as per audited balance sheet of the previous financial year.
- b) Once a Subsidiary is identified as Material Subsidiary, the Company shall adhere to the following procedures:
  - i. Company shall not dispose-off shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty percent) or cease the exercise of control over the Material 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;
  - ii. Selling, disposing and leasing of assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during any 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;
  - iii. At least one independent director on the Board of Company shall be a director on the Board of the Unlisted Material Subsidiary, whether incorporated in India or not.
  - iv. The Company and each Unlisted Material Subsidiary incorporated in India shall undertake secretarial audit and shall annex with the Company’s annual report, a secretarial audit

report, given by a company secretary in practice in such form as may be prescribed.

#### General Compliances in respect of other Subsidiaries

In addition to the above, the following general compliances shall be adhered to by the Company with respect to all its Unlisted Subsidiaries, whether or not they are Material Subsidiaries:

- a) The management of the Unlisted Subsidiary shall bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary on a quarterly basis.
- b) The Audit Committee and the Board of Directors of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- c) The minutes of the Board meetings of the Unlisted Subsidiary shall be placed at the subsequent Board meeting of the Company.

#### Disclosures and Amendments

- a) The Policy, duly approved by the Board of Directors, shall be placed on the website of the Company and a weblink thereto shall be provided in the Annual Report of the Company.
- b) This Policy will be reviewed annually by the Board. Any modifications or improvements will be accordingly incorporated in the Policy.
- c) Notwithstanding the foregoing, the Managing Director & Chief Executive Officer is authorised to make appropriate changes in the policy as she/he may deem expedient taking into account the law for the time being force. Such modifications shall be reported to the Board for ratification.
- d) Any changes in the applicable mandatory regulatory provisions shall automatically be treated as part of this Policy.

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