



IDFC FIRST Bank Limited

Policy for Determining Material Subsidiaries

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1.0	26-04-2016	-	Adoption of Policy
1.1	27-07-2017	Secretarial	Annual Review of policy
1.2	24-10-2018	Secretarial	Annual Review of policy
1.3	05-04-2019	Secretarial	Review of policy

Policy for Determining Material Subsidiaries

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Purpose of this policy

This policy for determining material subsidiaries (**“Policy”**) has been framed in accordance with the provisions of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“Listing Regulations”**).

This Policy will be used to determine the material subsidiary and material unlisted Indian subsidiary of IDFC FIRST Bank Limited (the **“Bank”** or **“IDFC FIRST Bank”**) and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (**“Act”**) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

Definitions

“material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“net worth” shall mean the net worth as defined in sub-section 57 of section 2 of the Act.

“subsidiary” shall be as defined under sub-section 87 of section 2 of the Act.

“significant transactions or arrangements” 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.

“unlisted subsidiary” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

Policy and procedure

1. The Audit Committee of the Bank shall review the financial statements, in particular, the investments made by the unlisted subsidiary of the Bank.
2. The minutes of the board meetings of the unlisted subsidiary shall be placed at the board meeting of the Bank.
3. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of the Bank, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary.

4. 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 purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

5. The Bank 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 50% or cease the exercise of control over the 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 Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
6. 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 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
7. As and when the Bank will have a listed subsidiary, which is itself a holding company, the provisions of this Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

Disclosures

The Bank shall disclose the details of this Policy on the Bank’s website and a web link thereto shall be provided in the Annual Report.

Limitation and Amendment

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

Any amendment to this Policy as per change in law or otherwise shall be made by the

Managing Director & CEO, which shall be ratified at the next Audit Committee / Board meeting of the Bank held after such change.