

BANK OF MAHARASHTRA

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. **LEGAL FRAMEWORK:**

This Policy on Material Subsidiaries (the “Policy”) is aimed at providing guidelines to the Management of Bank of Maharashtra (the “Bank”), for determination of Material Subsidiaries. This Policy on Material Subsidiaries shall be governed by Regulation 24 of the Listing Regulations or such other Rules/Regulations, as may be notified by SEBI from time to time.

The objective of this Policy is to ensure the compliance and disclosure requirements of the Listing agreement and adopt best practices on Corporate Governance.

2. **APPLICABILITY:**

The New Regulations are applicable to the listed entities including the Bank constituted under the Banking Companies (Acquisitions and Transfer of Undertakings) Act, 1970, as being a listed entity.

3. **DEFINITIONS:**

“Audit Committee or Committee” means Committee of Board of Directors of the Bank constituted under provisions of Listing Agreement/s, The Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970/80 and in pursuance of the directives of Reserve Bank of India.

“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. “Policy” means ‘Policy on Material Subsidiary’.

“Subsidiary” means a company in which the Bank holds, either by itself and/or through one or more subsidiaries, more than one-half in nominal value of its equity share capital.

“Material Non Listed Indian Subsidiary” mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year.

“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 material unlisted subsidiary for the immediately preceding accounting year.

4. POLICY:

- 4.1 At least one Independent Director of the Company shall be a Director on the Board of Directors of the Unlisted Material Subsidiary, incorporated in India.
- 4.2 A list of such Material Subsidiaries shall be presented to the Audit Committee annually for its noting.
- 4.3 A subsidiary shall be a Material Subsidiary, if:
- a. the investment of the Bank in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b. the subsidiary has generated 20% of the consolidated income of the Bank during the previous financial year.
- 4.2. At least one independent director on the Board of Directors of the Bank shall be a director on the Board of Directors of a material non listed Indian subsidiary company.
- 4.3. The Audit Committee of the Bank shall review the financial statements, in particular, the investments made by the unlisted subsidiary company/ies.
- 4.4. The minutes of the Board meetings of the unlisted subsidiary company/ies shall be placed at the Board meeting of the Bank. The management of unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

5. DISPOSAL OF SHAREHOLDING IN OR CONTROL OVER OR ASSETS OF A MATERIAL SUBSIDIARY:

- 5.1 The Bank, without the prior approval of the members by Special Resolution in its General Meeting, shall not:
- a) 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 except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal.
 - 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.
- 5.2. 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.

6. DISCLOSURES:

This policy shall be hosted on the Bank's website at www.bankofmaharashtra.in and a web link thereto shall be provided in the Annual Report.

7. AMENDMENT:

Any change in the Policy shall be approved by the Board of Directors of the Bank. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.
