



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES OF THE SOUTH INDIAN BANK LIMITED

Confidential

Version 4.1

Version	Date	Department
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Version 1.1	DBR/SEC/S-321/2021-22 dated 21-02-2022	Secretarial Dept.
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1. TITLE:

This Policy shall be called 'Policy for determining Material Subsidiaries'.

2. COMMENCEMENT:

This Policy shall come into force with effective from 1st October 2014.

3. OBJECTIVE:

a. This Policy is framed in accordance with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015(including any amendments thereof) and is intended to ensure governance of material subsidiary companies.

b. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

4. DEFINITIONS:

a. "Board" means the Board of Directors of The South Indian Bank Ltd.

b. "Bank" / "Company" means The South Indian Bank Ltd.

c. "Policy" means this Policy, as amended from time to time.

d. "Subsidiary" means a subsidiary as defined under the Companies Act, 2013 and the rules made thereunder.

5. POLICY:

a. "material subsidiary" shall mean a subsidiary, whose **turnover** or net worth exceeds ten percent of the consolidated **turnover** or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

ab. "unlisted material subsidiary" shall mean an unlisted subsidiary, whose **turnover** or net worth exceeds ten percent of the consolidated **turnover** or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

6. AMENDMENTS:

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

7. INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and Regulations made there under, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other relevant legislation / law applicable to the Company.

8. DIRECTORSHIPS:

In terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the holding company shall appoint any one of its independent directors as a director on the board of its an unlisted material subsidiary, whether incorporated in India or not.

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

Such affirmation shall be obtained by means of a certificate issued by the Statutory Auditor of the Corporation and placed at the subsequent meeting of the Board of Directors, for its noting.

The Board shall, based on such certification, nominate any of one of its independent directors on the Board of such material unlisted Indian subsidiary company. Details thereof shall be disclosed in the report on corporate governance of the Corporation.

No independent director, who resigns from the Bank, shall be appointed as an executive / whole time director on the board of the Bank, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.

9. DEALING RELATING TO MATERIAL SUBSIDIARY COMPANIES:

The Bank is prohibited from executing the following transactions with material subsidiary company, unless prior approval of its shareholders is obtained by means of a special resolution.

- a. Dispose the shares held in its material subsidiary company which would reduce its shareholding (either on its own or together with one or more of its other subsidiaries) to less than or equal to 50%, except in case 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;** or

- b. Cease to exercise the control over the material subsidiary company except in case 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;** or
- c. Sell, dispose or lease the assets of such material subsidiary company amounting to more than 20% of its assets of the material subsidiary on an aggregate basis during a financial year except in case where such sale, disposal or 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.

Nothing contained in this sub-clause shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Bank.

10. GOVERNANCE STRUCTURE:

In order to comply with the provisions, set out above, the Bank shall periodically review and monitor its shareholding in the concerned material subsidiary company and any changes thereof pursuant to any divestment or corporate action or restructuring, resulting in reduction in the shareholding of the corporation.

All consequential and collateral compliances under, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to material subsidiary companies shall be subject to the review and approval of the Board.

10.A. Corporate governance requirements with respect to subsidiary of the Company.

- The audit committee of the listed entity shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- 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 company.
- The management of the unlisted subsidiary shall periodically 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.

Explanation. - For the purpose of this regulation, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 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.

- Audit Committee of the Bank should review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- **The Audit Committee of the Bank may grant omnibus approval for related party transactions proposed to be entered into by its subsidiary subject to the conditions as detailed in Regulation 23(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**
- **The Audit Committee of the Bank shall review, at least on a quarterly basis, the details of related party transactions entered into by its subsidiary pursuant to each of the omnibus approvals given.**

10.B Listed subsidiary

If the Bank at any time has a listed subsidiary which is itself a holding company, the provisions of Regulation 24 relating to subsidiary companies shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

11. DISCLOSURES:

Appropriate disclosures relating to material subsidiary companies in terms of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be made in the Annual Report and in case the approval of the shareholders of the Corporation is required for any of the matters as stated in this policy, relevant details shall be disclosed in the notice and explanatory statement, in accordance with the relevant provisions of the Companies Act, 2013 and Rules made thereunder. As mandated, under - Regulation 46 (2) (h) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank shall disclose this policy on Material Subsidiary Companies on its website i.e. www.southindianbank.com and a web link shall be provided in its Annual Report.

Separate audited financial statements of each subsidiary of the Company in respect of a relevant financial year should be uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year.
