



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

OF

THE SOUTH INDIAN BANK LIMITED

Confidential

Version 1.0

25th November, 2014

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 revised clause 49 of the listing agreement (including any amendments thereof) to be effective from 1st October 2014 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. "Company" means The South Indian Bank Ltd.

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

5. POLICY:

a. A subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds twenty percent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty percent of the consolidated income of the Company during the previous financial year.

b. A "material non-listed Indian subsidiary" shall 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 listed holding 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, Listing Agreement or any other relevant legislation / law applicable to the Company.

8. DIRECTORSHIPS:

In terms of the provisions of Clause 49V A of the Listing Agreements, the holding company shall appoint any one of its independent directors as a director on the board of its material non listed Indian subsidiary company.

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.

9. DEALING RELATING TO MATERIAL SUBSIDIARY COMPANIES:

In terms of Clause 49 V F of the Listing Agreements, the Bank is prohibited from executing the following transactions, 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 50%, except in case where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal; 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
- 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.

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 Clause 49 of the Listing Agreement relating to material subsidiary companies shall be subject to the review and approval of the Board.

11. DISCLOSURES:

Appropriate disclosures relating to material subsidiary companies in terms of Clause 49 of the Listing Agreements 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 Clause 49 V D, 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.
