



SECURITY AND INTELLIGENCE SERVICES (INDIA) LIMITED

POLICY ON MATERIAL SUBSIDIARIES

1. Purpose of this policy:

The Board of Directors (the “**Board**”) of the company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“**Policy**”) in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Regulations**”).

This Policy is intended to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company 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 SEBI 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.

2. Definitions

“**Act**” means the Companies Act, 2013 and the rules made thereunder.

“**Audit Committee**” means Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the SEBI Regulations.

“**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.

“**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 company and its subsidiaries in the immediately preceding accounting year.

“Significant transaction or arrangement” 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 material unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Act and the rules made thereunder.

“Unlisted Subsidiary” means subsidiary whose securities are not listed on any recognized stock exchanges.

3. Governance framework:

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
2. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the board meeting of the Company at regular intervals.
3. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
4. One Independent Director of the Company shall be a director on the board of the material non-listed Indian subsidiary company.

4. Disposal of Material subsidiary:

The Company 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 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.
- b. sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

5. Policy Review:

The Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.