



## **SIS LIMITED**

### **POLICY ON MATERIAL SUBSIDIARIES**

#### **1. Purpose of this policy:**

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

This Policy is intended to determine the material subsidiaries of the Company and to provide the governance framework for such subsidiaries.

#### **2. Definitions**

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

“**Audit Committee**” means Committee of the Board of the Company constituted under the provisions of the Act and SEBI Listing Regulations.

“**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 the criteria for independence under the Act and SEBI Listing Regulations.

“**Insolvency Code**” means the Insolvency and Bankruptcy Code, 2016.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten percent 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 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.

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

### **3. Governance framework:**

1. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
2. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the board meeting of the Company at regular intervals.
3. 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.
4. At least one Independent Director of the Company shall be a director on the board of an unlisted material subsidiary, whether incorporated in India or not.

*For the purposes of this requirement, 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.*

### **4. Disposal of Material subsidiary:**

The Company shall not:

- a. dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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 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.

- 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, 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.

## **5. Secretarial Audit:**

Every material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a Company Secretary in practice, in such form as may be specified.

## **6. Policy review:**

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