



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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Version 7.0

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1. INTRODUCTION

- 1.1. CSB Bank Limited ("**Bank**") has formulated this Policy for determination of material subsidiary formulated in pursuance of the requirements of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**SEBI Listing Regulations**") to determine the material subsidiaries of the Bank ("**Policy**").
- 1.2. The objective of this Policy is to lay down the criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Bank.

2. DEFINITIONS

- 2.1. "Audit Committee" means the committee of the Board constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI Listing Regulations and as per the extent directions of the Reserve Bank of India in this regard.
- 2.2. "**Networth**" shall have the meaning ascribed to it in Section 2 (57) of the Companies Act, 2013.

3. CRITERIA FOR DETERMINATION

- 3.1 In terms of the SEBI Listing Regulations, a subsidiary of the Bank shall be considered as 'material', if:-
 - (a) its income exceeds 10% of the consolidated net income of the Bank and its subsidiary companies in the immediately preceding accounting year; or
 - (b) its networth exceeds 10% of the consolidated networth of the Bank and its subsidiary companies in the immediately preceding accounting year.
- 3.2 The Bank shall annually obtain a certificate from its statutory auditors to assess which of the subsidiary companies can be deemed to be a 'material subsidiary' for the purpose of the SEBI Listing Regulations and the said certificate shall be placed before the meeting of the Board for its noting.
- 3.3 In terms of this Policy, it shall be the responsibility of the Bank to ascertain which of its subsidiary companies can be deemed to be a 'material subsidiary' for the purpose of the SEBI Listing Regulations and ensure adherence to the relevant provisions stated therein.

4. POLICY AND PROCEDURE

- 4.1. The Bank, shall not, without the prior approval of the members by special resolution in the general meeting, dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries of such material subsidiary) to less than 50% or cease the exercise of the control over the material subsidiary 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognised stock exchanges within 1 (one) day of the resolution plan being approved.
- 4.2. The Bank, shall not, without the prior approval of the members by special resolution, sell, dispose and lease the 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 or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognised stock exchanges within 1 (one) day of the resolution plan being approved.
- 4.3. At least one independent director of the Bank shall be a director on the Board of the unlisted material subsidiary of the Bank whether incorporated in India or not.
- 4.4. The management of unlisted material subsidiary shall periodically bring to the notice of the Board of the Bank of all significant transactions and arrangements entered into by the unlisted material subsidiary.

5. COMPLIANCES

- 5.1 The minutes of the meetings of the Board of the unlisted material subsidiary shall be placed before the Board.
- 5.2 The Audit Committee shall review the financial statement of the material subsidiary.
- 5.3 The management of the unlisted material subsidiary shall periodically bring to the attention of the Board, a statement of all significant transaction and arrangement entered into by the unlisted material 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 10% of the total revenues or total expenses or total assets or total liabilities, as the case maybe, of the material subsidiary for the immediately preceding accounting year.

6. DISCLOSURE

- 6.1. This Policy shall be disclosed on the website of the Bank and a web link thereto shall be provided in the Annual Report of the Bank.
- 6.2. Adequate disclosure pertaining to the subsidiary companies of the Bank as may be required under the provisions of Companies Act, 2013, SEBI Listing Regulations, 2015, shall be made by the Bank.

7. INTERPRETATION & AMENDMENT

- 7.1. Any word used in this Policy, but not defined herein, shall have the same meaning as defined under the Companies Act, 2013, SEBI Listing Regulations, 2015 and any other relevant legislation/ law applicable to the Bank.
- 7.2. The Board may review and amend this Policy as may be required from time to time in accordance with the provisions of applicable statutes and any subsequent amendments, circulars, notifications, guidelines of the Companies Act, 2013, SEBI Listing Regulations, 2015 and other applicable laws, as may be issued from time to time, shall be mutatis mutandis apply to this Policy.