

SAI CAPITAL LIMITED

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. BACKGROUND:

Explanation to Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) provides that a Listed Entity shall formulate a policy for determining a ‘Material’ Subsidiary.

2. OBJECTIVE:

This Policy aims to determine a “Material Subsidiary” of the Company and provide a governance framework for such Material Subsidiary as per the requirements of LODR (including statutory modifications from time to time).

3. DEFINITIONS:

In this Policy, unless the context otherwise requires:

- i. **“Act”** means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- ii. **“Audit Committee”** or **“Committee”** means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of The Companies Act, 2013, as amended from time to time,
- iii. **“Board of Directors”** or **“Board”** means the Board of Directors of M/s. Sai Capital Limited.
- iv. **“Company”** means M/s. Sai Capital Limited.
- v. **“Independent Director”** shall mean 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 laid down under Section 149(6) of The Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time.
- vi. **“Holding”** shall mean a Holding Company as defined under Section 2(46) of The Companies Act, 2013 and Regulation 2(1)(m) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.
- vii. **“Material Subsidiary”** Pursuant to Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall mean a subsidiary, whose Turnover or Net Worth exceeds 10% of the consolidated Turnover or Net Worth respectively, of the Listed Entity (the Company) and its subsidiaries in the immediately preceding accounting year.

- viii. **“Net Worth”** means Net Worth as defined in Section 2(57) of The Companies Act, 2013 and Regulation 2(1)(s) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
- ix. **“Policy”** means this Policy, as may be amended from time to time.
- x. **“Subsidiary”** shall mean a subsidiary as defined under Section 2(87) of The Companies Act, 2013 and Regulation 2(1)(ZM) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.
- xi. **“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.

Any word used in this Policy but not defined herein shall have the same meaning ascribed to it in the Act, SEBI Act or Rules and Regulations made thereunder, Accounting Standards or any other relevant legislation / law applicable to the Company.

4. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY OF LISTED ENTITY.

- a. At least one Independent Director of the Company shall be a Director on the Board of the Unlisted Material Subsidiary incorporated whether incorporated in India or Not.

Explanation: Only for the purpose of this Clause, notwithstanding anything contained in the Clause 3 of this policy, Material Subsidiary shall mean a subsidiary, whose Turnover or Net Worth exceeds 20% of the consolidated Turnover or Net Worth respectively, of the Listed Entity and its subsidiaries in the immediately preceding accounting year.

- b. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- c. The Minutes of the Board Meetings of the Unlisted Subsidiary shall be placed before the Meeting of the Board of Directors of the Company.
- d. Pursuant to Regulation 24A(1)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, every unlisted material subsidiary incorporated in India shall undertake a Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and the Secretarial Audit Report shall be annexed with the Annual Report of the Company.

- e. The management of the Unlisted Subsidiary 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.

The Transactions/ Arrangements shall be considered significant if it exceeds or 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.

- f. The Company shall in the first Quarter of every financial year, determine whether any of its subsidiaries fall under the criteria of Material Subsidiary as defined above. In case any of the subsidiaries fall under such criteria, the same shall be reported with necessary compliance requirements to the Board for its noting and necessary directions.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, shall not, without prior approval of the members by Special Resolution in its General Meeting:

- a. dispose off Shares in its Material Subsidiary that reduces its Shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the Material Subsidiary, *except in the following cases*:
 - I. where such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal.
 - II. where such divestment is made under a resolution plan duly approved under section 31 of the Insolvency Code.
- b. sell, dispose or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of the Shareholders by way of Special Resolution, *except in the following cases*:
 - I. where such sale, disposal or lease of assets is made under a scheme of arrangement duly approved by a Court / Tribunal.
 - II. where such sale, disposal or lease of assets is made under a resolution plan duly approved under section 31 of the Insolvency Code
 - III. where such sale, disposal or lease of assets is made between two Wholly-Owned Subsidiary of the company.

6. COMPLIANCE BY STEP DOWN SUBSIDIARY

Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

7. LIMITATION

In the event of any conflict between the provisions of this Policy and the LODR / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such LODR / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

8. DISCLOSURES

- a. The compliance with the requirements of this Policy shall be mentioned in the Quarterly Compliance Report submitted to the Stock Exchanges.
- b. This Policy for determining material subsidiaries shall be uploaded on the website of the Company at www.saicapital.co.in and a web link thereto shall be provided in the Annual Report of the Company.

9. REVIEW

This Policy may be reviewed or amended by the Board of Directors of the Company in accordance with the statutory requirements from time to time.

The policy has been last updated/amended by board of directors in their meeting held on May 29, 2025.
