

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES
OF
Navi Finserv Limited
(Formerly known as Navi Finserv Private Limited)



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Approved by	Board of Directors

POLICY ON MATERIAL SUBSIDIARIES

PREAMBLE

Navi Finserv Limited (“**Navi**” or “**Company**”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“**SEBI**”).

The Board of Directors (“**Board**”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary’ companies (“**Policy**”) in accordance with the provisions of Regulation 16 (c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Regulations**”).

PURPOSE

This Policy will be used to determine the Material Subsidiaries and Unlisted Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

DEFINITIONS

- a) “**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013 and SEBI Regulations.
- b) “**Board**” means Board of Directors of the Company
- c) “**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- d) “**Independent Director**” means an Independent Director of the Company appointed pursuant to the provision of Section 149 of the Companies Act, 2013 and/or Regulation 16(b) of the SEBI Regulations.
- e) “**Material Subsidiary**” shall mean a Subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- f) “**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.
- g) “**Subsidiary**” shall be as defined under section 2(87) of the Companies Act, 2013 and the rules made thereunder.
- h) “**Unlisted Subsidiary**” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

POLICY AND PROCEDURE

A Subsidiary shall be considered as “**Material**” if its income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary of the Company on an annual basis. The minutes of the Board meetings of the Unlisted Subsidiary company shall be placed before the Board of the Company at regular intervals.

The Board shall be provided periodically a statement of all Significant Transactions and arrangements other than related party transactions entered into by the Unlisted Subsidiary Company.

At least one Independent Director of the Company shall be a director on the board of the Unlisted material subsidiary, whether incorporated in India or not, 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.

REQUIREMENTS REGARDING MATERIAL SUBSIDIARY

The Company shall not dispose of shares in its Material Subsidiary, which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than or equal to 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 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 recognized stock exchanges within one day of the resolution plan being approved.

The Company shall seek approval of the Investment Committee of the Board for disposing shares in the Material Subsidiaries such that the shareholding (either on its own or together with other Subsidiaries) is not reduced below 50%.

Provided, the Company shall seek approval of the Board for disposing of shares in a Material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries):

- i. To less than 76%
- ii. To less than 26%

Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require 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.

Selling, disposing and leasing of assets amounting to more than 10% and upto 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require approval of the Board.

Selling, disposing and leasing of assets amounting upto 10% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall be decided by the management.

The Material Subsidiaries and Unlisted Subsidiaries of the Company 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 under applicable laws.

DISCLOSURES

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the SEBI Regulations. This Policy shall be disclosed on the Company's website (www.navifinserv.com) and a web link thereto shall be provided in the annual report of the Company.

REVIEW OF POLICY

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

LIMITATION, AMENDMENT AND EFFECTIVE DATE

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.