

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

PURPOSE

Pursuant to the provisions of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Company has formulated this Policy for determining material subsidiary of the Company. This Policy shall be used for determining material subsidiaries of the Company and to provide governance framework for such subsidiaries.

APPLICABILITY

The Policy is effective from 12th August, 2024.

DEFINITIONS

“**Act**” means Companies Act, 2013 including any statutory modification or re-enactment thereof.

“**Listing Agreement**” means listing agreement as entered by the Company with Bombay Stock Exchange Limited and Ahmedabad (as amended from time to time).

“**Company**” means **Savani Financials Limited**.

“**Holding Company**” is as defined under clause 2(46) of the Companies Act, 2013.

“**Subsidiary Company**” is as defined under clause 2(87) of the companies Act, 2013

“**Significant Transaction or Arrangement**” means the significant transaction or arrangement as defined in Regulation 24 of Listing Regulations

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

GOVERNANCE FRAMEWORK

One independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a Material non-listed Indian Subsidiary.

The Audit Committee of the Company shall also review the financial statements, particularly the investments made by the unlisted Subsidiary Company.

The minutes of the Board meetings of the unlisted Subsidiary Company shall be placed at the Board meeting of the Company.

The management should periodically bring to the attention of the Board, a statement of significant transaction or Arrangement entered into by the unlisted Subsidiary Company.

The Company and its 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.

The Company shall disclose all events or information with respect to its subsidiaries which are material for the Company.

DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not:

- a) dispose shares in Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal; or
- b) dispose shares in the Material Subsidiary which would cease the exercise of control over such Subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal; or
- c) sell, dispose or lease the assets amounting to more than twenty percent (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.

DISCLOSURE

The Company shall upload this Policy on its website and a web link thereto shall be provided in the Annual Report.

REVIEW OF POLICY

Based on the recommendation of the Audit Committee, the Board may, from time to time amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, subject to the provisions of the applicable laws.