

**POLICY FOR DETERMINING MATERIAL
SUBSIDIARIES**

FOR

PB FINTECH LIMITED

**(FORMERLY “PB FINTECH PRIVATE LIMITED / ETECHACES MARKETING AND
CONSULTING PRIVATE LIMITED”)**

Document Control:

Type Of Information	Document Data
Document Title	Policy for determining material subsidiaries
Document Code	PB Fintech V1.0
Date of Release	19-Oct-2021
Document Version No.	1.0
Department of Record	Secretarial
Document Author(s)	Anand Kumar Pandey
Document Reviewer	Bhasker Joshi
Security Classification	Internal
Document Status	Final
Date of approval /amendment	October 19, 2021

Document Revision History:

Ver. No.	Date	Change Description	Author	Reviewed by	Approved By
1.0	19-Oct-2021	Initial Release	Anand Kumar Pandey – Secretarial	Bhasker Joshi – Company Secretary	Board of Directors – PB Fintech Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Preamble and Objective:

This Policy is framed, pursuant to Regulation 16(1)(c) and Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), for determining ‘material’ subsidiaries and is intended to ensure governance of material subsidiary companies and was approved at the Board meeting held on October 19, 2021.

2. Definitions:

- a) “Audit Committee” implies the Audit Committee constituted by the Board of Directors of the Company from time to time under provisions of the Listing Regulations and the Companies Act, 2013.
- b) “Board” means the Board of Directors of PB Fintech Limited.
- c) “Company” means PB Fintech Limited.
- d) “Policy” means this Policy, as amended from time to time.
- 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) ‘Unlisted Material Subsidiary’ means an unlisted subsidiary, incorporated in India or not, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- g) ‘Significant transaction or arrangement’ means 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 in the immediately preceding accounting year.

3. Governance Framework:

- a) At least one Independent Director on the Board of the Company shall be a director on the board of an unlisted material subsidiary, whether incorporated in India or not.
- 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 at the Board

- meetings of the Company.
- d) The management of the unlisted subsidiary should 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.
- e) Disposal of shares of the Material Subsidiary that would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50% or tend to cease the control over the subsidiary would require the prior approval of the shareholders of the Company by way of a special resolution except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal. Therefore, neither Board nor any committee of the Board or any officer of the Company will approve any sale or disposal of shares or enter into any contract or arrangement or make any commitment binding the Company for sale or disposal of the shares or cessation of control of any material subsidiary to less than 50%, without getting the prior consent of the shareholders.
- f) Neither the Board, nor any committee of the Board nor any officer of the Company will approve any 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 without seeking the prior approval of the shareholders by way of a special resolution, unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by a court/ tribunal.
- g) Material Subsidiaries incorporated in India shall undertake secretarial audit; and the Company shall annex with its annual report, a secretarial audit report, given by a Company Secretary in practice.
- h) The Company shall disclose all events or information with respect to its subsidiaries which are material for the Company as per Regulation 30(9) of the Listing Regulations.

4. Identification of Material Subsidiary:

The subsidiary shall be identified in terms of the provisions of Listing Regulations as applicable for each case. The Audit Committee shall, on an annual basis, review such details/information as may be required to determine the 'Material Subsidiaries'.

5. Guiding Principles:

"Material Subsidiary" and "Unlisted Material Subsidiary" of the Company would be identified, if any, as a onetime exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification should happen soon after preparation of annual accounts and the outcome should be placed before the Audit

Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

6. Amendments:

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy, subject to the same being in compliance with the Listing Regulations.

The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.
